

*This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or any State securities law and may not be offered for sale, sold or delivered, directly or indirectly, in the United States, its territories or possessions or to or for the account or benefit of a U.S. Person within the meaning of Regulation S under the 1933 Act. **Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Executive Vice-President, General Counsel and Secretary of The Bank of Nova Scotia, Scotia Plaza, 44 King Street West, Toronto, Canada, M5H 1H1, telephone: (416) 866-3672 and are available electronically at www.sedar.com.*

Short Form Prospectus

Initial Public Offering



April 30, 2009

Scotiabank Tier 1 Trust™ *(a trust established under the laws of Ontario)*

\$650,000,000

7.802% Scotiabank Tier 1 Securities - Series 2009-1 Due June 30, 2108 **(Scotia BaTS III Series 2009-1)**

Scotiabank Tier 1 Trust™ (the “Trust”) is a trust established under the laws of Ontario by Computershare Trust Company of Canada (the “Trustee”) pursuant to a declaration of trust dated as of August 19, 2008, as amended and restated from time to time (the “Declaration of Trust”). The Trust proposes to issue and sell to investors pursuant to this prospectus (the “Offering”) \$650,000,000 principal amount of 7.802% Scotiabank Tier 1 Securities Series 2009-1 due June 30, 2108, representing a series of subordinated unsecured debt obligations of the Trust (the “Scotia BaTS III Series 2009-1”). The Trust’s objective is to acquire and hold the Trust Assets (as defined herein), initially comprised primarily of one senior deposit note (the “Series 2009-1 Bank Deposit Note”) issued by The Bank of Nova Scotia (the “Bank”), in order to generate income for payment of the principal, interest, the redemption price, if any, and any other amounts, in respect of its debt securities, including the Scotia BaTS III Series 2009-1. The Offering will provide the Bank with a cost-effective means of raising capital for Canadian bank regulatory purposes. The Trust will also issue voting trust units (the “Voting Trust Units” and, collectively with the Scotia BaTS III Series 2009-1, the “Trust Securities”) to the Bank, or affiliates of the Bank. The Bank will at all times own, directly or indirectly, all of the Voting Trust Units. See “Description of the Trust Securities”. **The Trust may, at any time and from time to time, issue additional Voting Trust Units or subordinated notes of any series without the authorization of holders of Scotia BaTS III Series 2009-1. See “Description of the Trust Securities — Issue of Additional Trust Securities”.**

The Scotia BaTS III Series 2009-1 will be issued only in denominations of \$1,000 and integral multiples thereof.

From the date of issue until June 30, 2108 the Trust will pay interest on the Scotia BaTS III Series 2009-1 in equal (subject to the reset of the interest rate) semi-annual instalments on June 30 and December 31 of each year, with the first payment on June 30, 2009, subject to any applicable withholding tax. Notwithstanding the foregoing, assuming the Scotia BaTS III Series 2009-1 are issued on May 7, 2009, the first interest payment on the Scotia BaTS III Series 2009-1 on June 30, 2009 will be in the amount of \$11.54 per \$1,000 principal amount of Scotia BaTS III Series 2009-1. From the date of issue to, but excluding, June 30, 2019 the interest rate on the Scotia BaTS III Series 2009-1 will be fixed at

™ Trade marks of The Bank of Nova Scotia used under license by the Trustee.

7.802% per annum. Starting on June 30, 2019 and on every fifth anniversary of such date thereafter until June 30, 2104 (each such date, an “Interest Reset Date”), the interest rate on the Scotia BaTS III Series 2009-1 will be reset at an interest rate per annum equal to the Government of Canada Yield (as defined herein) plus 7.05%. The Scotia BaTS III Series 2009-1 will mature on June 30, 2108. Holders of Scotia BaTS III Series 2009-1 may, in certain circumstances, be required to invest interest paid on the Scotia BaTS III Series 2009-1 in a series of newly-issued preferred shares of the Bank with non-cumulative dividends (each such series is referred to as “Bank Deferral Preferred Shares”). See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right”. The Series 2009-1 Bank Deposit Note will be dated the Closing Date and will mature on June 30, 2108. From the Closing Date until June 30, 2108 the Bank will pay interest on the Series 2009-1 Bank Deposit Note in equal (subject to the reset of the interest rate) semi-annual instalments on June 30 and December 31 of each year, with the first payment on June 30, 2009. Notwithstanding the foregoing, assuming the Series 2009-1 Bank Deposit Note is issued on May 7, 2009, the first interest payment on the Series 2009-1 Bank Deposit Note on June 30, 2009 will be in the amount of \$11.58 per \$1,000 principal amount of the Series 2009-1 Bank Deposit Note. From the date of issue to, but excluding, June 30, 2019 the interest rate on the Series 2009-1 Bank Deposit Note will be fixed at 7.83% per annum. Starting on June 30, 2019 and on every Interest Reset Date, the interest rate on the Series 2009-1 Bank Deposit Note will be reset at an interest rate per annum equal to the Government of Canada Yield (as defined herein) plus 7.10%. See “Description of the Series 2009-1 — Bank Deposit Note”.

The Bank will covenant for the benefit of holders of Scotia BaTS III Series 2009-1 (the “Dividend Stopper Undertaking”) that, in the event of an Other Deferral Event (as defined herein), the Bank will not declare dividends of any kind on any preferred shares of the Bank (“Bank Preferred Shares”) or, failing any Bank Preferred Shares being outstanding, on all of the outstanding common shares of the Bank (“Bank Common Shares” and, collectively with the Bank Preferred Shares, the “Dividend Restricted Shares”) until the 6th month (the “Dividend Declaration Resumption Month”) following the relevant Deferral Date (as defined herein). **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the interest on the Scotia BaTS III Series 2009-1 in cash on each Interest Payment Date so as to avoid triggering the Dividend Stopper Undertaking.** See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Bank Dividend Stopper Undertaking” and “Risk Factors.”

The Scotia BaTS III Series 2009-1, including accrued and unpaid interest thereon, will be exchanged automatically (the “Automatic Exchange”), without the consent of the holder thereof, for newly issued non-cumulative Preferred Shares, Series R of the Bank (“Bank Preferred Shares Series R”) if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-Up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent of Financial Institutions (Canada) (the “Superintendent”) advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the *Bank Act* (Canada) (the “Bank Act”); (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; (iv) the Board of Directors advises the Superintendent in writing that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (v) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the Automatic Exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”). Following the Automatic Exchange, holders of Scotia BaTS III Series 2009-1 immediately prior to the Automatic Exchange will cease to have any claim or entitlement for interest or principal against the Trust. **If the Automatic Exchange were to occur and Bank Preferred Shares Series R were issued in exchange for Scotia BaTS III Series 2009-1, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the Scotia BaTS III Series 2009-1 would be lost. Accordingly, it is in the interest of the Bank to ensure that an Automatic Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond the control of the Bank.** See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange” and “Description of Bank Preferred Shares Series R and Bank Deferral Preferred Shares”.

On each Interest Payment Date in respect of which a Deferral Event (as defined herein) has occurred (each a “Deferral Date”), holders of the Scotia BaTS III Series 2009-1 will be required to invest interest paid on the Scotia BaTS III Series 2009-1 in a new series of Bank Preferred Shares (in any case, the “Bank Deferral Preferred Shares”). A new series of Bank Deferral Preferred Shares will be issued in respect of each Deferral Event. The subscription amount of each Bank Deferral Preferred Share will be an amount equal to the face amount of the share, and the number of Bank Deferral

Preferred Shares subscribed for on each Deferral Date will be calculated by dividing the amount of the interest payment on the Scotia BaTS III Series 2009-1 that has not been paid in cash on the applicable Deferral Date by the face amount of each Bank Deferral Preferred Share. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right”.

On or after June 30, 2014 the Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days’ notice to the holders of the Scotia BaTS III Series 2009-1, redeem the Scotia BaTS III Series 2009-1, in whole or in part. The redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Canada Yield Price, and the redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 redeemed on any Interest Reset Date will be par, together in either case with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Trust Redemption Right”.

Upon the occurrence of a Regulatory Event (as defined herein) or a Tax Event (as defined herein), the Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days’ notice to the holders of the Scotia BaTS III Series 2009-1, redeem all (but not less than all) of the Scotia BaTS III Series 2009-1 at a redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Redemption on Tax or Regulatory Event”.

It is expected that the Trust Assets will be purchased primarily from the Bank and/or its affiliates. The Bank will act as Administrative Agent to the Trust. See “The Trust — The Administrative Agent”.

The Scotia BaTS III Series 2009-1 have been structured with the intention of achieving Tier 1 regulatory capital for purposes of the guidelines of the Superintendent and as such, have, in certain circumstances, features similar to those of equity securities. Application has been made to the Superintendent to confirm Tier 1 capital treatment for the Scotia BaTS III Series 2009-1. On each Interest Payment Date in respect of which a Deferral Event has occurred, holders of Scotia BaTS III Series 2009-1 will be required to invest interest paid thereon in Bank Deferral Preferred Shares. This investment will be effected by the Indenture Trustee subscribing for such shares for and on behalf of the holders of Scotia BaTS III Series 2009-1. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right”. In addition, upon the occurrence of a Loss Absorption Event, the Scotia BaTS III Series 2009-1 will be exchanged automatically for newly issued Bank Preferred Shares Series R. In such event and in the circumstances described in the next paragraph, former holders of Scotia BaTS III Series 2009-1 would rank as preferred shareholders of the Bank in a liquidation of the Bank. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange.”

An investment in Scotia BaTS III Series 2009-1 could be replaced in certain circumstances, without the consent of the holder, by an investment in Bank Preferred Shares Series R and holders of Scotia BaTS III Series 2009-1 may be required in certain circumstances to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares. Investors should therefore carefully consider the disclosure with respect to the Bank, the Bank Preferred Shares Series R and Bank Deferral Preferred Shares included and incorporated by reference in this prospectus. An investment in Scotia BaTS III Series 2009-1 is subject to certain risks. See “Risk Factors”. The Trust is a newly-formed entity and, accordingly, it is not possible to determine earnings coverage with respect to the Scotia BaTS III Series 2009-1.

It is not expected that the Scotia BaTS III Series 2009-1 will be listed on any stock exchange. There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See “Risk Factors”.

Provided the Scotia BaTS III Series 2009-1, at the time of their acquisition, have an investment grade rating from a prescribed credit rating agency, the Scotia BaTS III Series 2009-1 generally will be qualified investments under the *Income Tax Act* (Canada) (the “Tax Act”) and the regulations thereunder for trusts governed by registered

retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings plans. See “Eligibility for Investment”.

The Underwriters (as defined herein), as principals, conditionally offer the Scotia BaTS III Series 2009-1, subject to prior sale if, as and when issued by the Trust and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” subject to the approval of certain legal matters on behalf of the Trust and the Bank by McCarthy Tétrault LLP and on behalf of the Underwriters by Torys LLP. **Scotia Capital Inc. is a wholly-owned subsidiary of the Bank. Each of the Trust and the Bank is a related and connected issuer of Scotia Capital Inc. under applicable securities legislation by virtue of the Bank’s interest in the Trust and Scotia Capital Inc. See “Plan of Distribution”.** This prospectus also qualifies for distribution the Automatic Exchange, the Deferral Event Subscription (as defined herein) and the Subscription Right (as defined herein).

	Price to the Public	Underwriters’ Fee	Net Proceeds to Trust⁽¹⁾
Per \$1,000 principal amount of Scotia BaTS III Series 2009-1	\$1,000	\$10	\$990
Total.....	\$650,000,000	\$6,500,000	\$643,500,000

- (1) The Offering expenses of the Trust, other than the Underwriters’ fee, are estimated to be \$750,000 and will be paid by the Trust from the proceeds of issue of the Voting Trust Units and funds borrowed under the Credit Facility. See “The Trust – Liquidity”.

Subscriptions for the Scotia BaTS III Series 2009-1 will be received by the Underwriters subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing date will be on or about May 7, 2009 (the “Closing Date”) or such later date as the Trust, the Bank and the Underwriters may agree, but in any event not later than May 29, 2009. The Scotia BaTS III Series 2009-1 will be issued in “book-entry only” form and, accordingly, physical certificates representing Scotia BaTS III Series 2009-1 will not be available except in limited circumstances. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Book-Entry Only Form”.

The Trust’s head and registered office is located at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

TABLE OF CONTENTS

ELIGIBILITY FOR INVESTMENT	6
FORWARD-LOOKING STATEMENTS	6
DOCUMENTS INCORPORATED BY REFERENCE	8
PROSPECTUS SUMMARY	9
GLOSSARY	16
THE TRUST	22
CAPITALIZATION OF THE TRUST	24
THE BANK	24
DESCRIPTION OF THE TRUST SECURITIES	27
DESCRIPTION OF BANK PREFERRED SHARES SERIES R AND BANK DEFERRAL PREFERRED SHARES	35
DESCRIPTION OF THE SERIES 2009-1 BANK DEPOSIT NOTE	38
CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	39
PLAN OF DISTRIBUTION	42
RATINGS	43
USE OF PROCEEDS	44
MATERIAL CONTRACTS	44
RISK FACTORS	44
PRINCIPAL HOLDERS OF SECURITIES	48
INTERESTS OF THE BANK AND ITS AFFILIATES IN MATERIAL TRANSACTIONS	48
LEGAL MATTERS	49
TRANSFER AGENT AND REGISTRAR AND EXCHANGE TRUSTEE	49
AUDITORS	49
LEGAL PROCEEDINGS	49
PROMOTER	49
EXEMPTION FROM NATIONAL INSTRUMENT 44-101	49
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	49
AUDITORS' CONSENT	A-1
CERTIFICATE OF THE TRUST	C-1
CERTIFICATE OF THE BANK	C-2
CERTIFICATE OF THE UNDERWRITERS	C-3

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Trust and the Bank, and Torys LLP, counsel to the Underwriters, provided the Scotia BaTS III Series 2009-1, at the time of their acquisition, have an investment grade rating from a prescribed credit rating agency for purposes of the Tax Act (which include DBRS, S&P and Moody's), the Scotia BaTS III Series 2009-1 to be issued by the Trust pursuant to this prospectus would, if issued as of the date of this prospectus, be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans, other than a trust governed by a deferred profit sharing plan to which contributions are made by the Trust. The Scotia BaTS III Series 2009-1 will not be a "prohibited investment" for a trust governed by a tax-free savings account on such date provided the holder of the tax-free savings account deals at arm's length with the Trust for purposes of the Tax Act and does not have a significant interest (within the meaning of the Tax Act) in the Trust or in any person or partnership with which the Trust does not deal at arm's length for purposes of the Tax Act. Prospective investors should consult and rely on their own tax advisors.

THE SCOTIA BATS III SERIES 2009-1, WHILE THEY MAY BE EXCHANGED IN CERTAIN CIRCUMSTANCES FOR BANK PREFERRED SHARES SERIES R, DO NOT REPRESENT OBLIGATIONS OF OR INTERESTS IN AND ARE NOT GUARANTEED OR INSURED BY, THE BANK OF NOVA SCOTIA, COMPUTERSHARE TRUST COMPANY OF CANADA, BNY TRUST COMPANY OF CANADA OR ANY OF THEIR RESPECTIVE AGENTS OR AFFILIATES (OTHER THAN THE TRUST). THE SCOTIA BATS III SERIES 2009-1 ARE NOT INSURED OR GUARANTEED BY THE CANADA DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

FORWARD-LOOKING STATEMENTS

The Bank's public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include comments with respect to the Bank's objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, United States and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "should," "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond the Bank's control, could cause actual results to differ materially from the estimates and intentions expressed in such forward looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; significant market volatility and interruptions; the failure of third parties to comply with their obligations to the Bank and its affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; the effect of changes to the Bank's credit ratings; operational and reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Bank uses to report its financial condition and the results of its operations, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new

technologies in unprecedented ways to defraud the Bank or its customers; consolidation in the Canadian financial services sector; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments, including terrorist acts and war on terrorism; the effects of disease or illness on local, national or international economies; disruptions to public infrastructure, including transportation, communication, power and water; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the discussion on pages 62 to 76 inclusive, of the Bank's 2008 Management's Discussion and Analysis and those pages are incorporated herein by reference.

The preceding list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the securities regulatory authorities in each province and territory of Canada and are specifically incorporated by reference into, and form an integral part of, this prospectus:

- (a) the Bank's Annual Information Form dated December 8, 2008;
- (b) the Bank's Management Proxy Circular attached to the Notice of Meeting dated January 12, 2009;
- (c) the Bank's consolidated interim financial statements (unaudited) and Management's Discussion and Analysis as at and for the three months ended January 31, 2009;
- (d) the Bank's consolidated financial statements for the years ended October 31, 2008 and 2007, together with the auditors' report thereon;
- (e) the Bank's Management's Discussion and Analysis of financial condition and results of operations for the year ended October 31, 2008; and
- (f) the material change reports of the Bank dated December 5, 2008 and December 12, 2008, respectively, relating to the acquisition by the Bank of approximately 37% of the outstanding voting securities of CI Financial Income Fund for approximately \$2.3 billion.

Any documents of the type referred to in the preceding paragraph (excluding confidential material change reports) and any unaudited interim financial statements for the three, six or nine month financial periods filed by the Bank with a securities regulatory authority in Canada after the date of this prospectus and prior to the completion or withdrawal of any offering hereunder, are deemed to be incorporated by reference in this prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein or contemplated in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and is qualified in its entirety by and should be read in conjunction with the more detailed information appearing elsewhere in this prospectus. Reference is made to the Glossary section for the meaning of certain defined terms.

THE OFFERING

Issuer:	Scotiabank Tier 1 Trust TM , a trust (the “Trust”) established under the laws of the Province of Ontario pursuant to the Declaration of Trust.
Offering:	7.802% Scotiabank Tier 1 Securities Series 2009-1 Due June 30, 2108 of the Trust (the “Scotia BaTS III Series 2009-1”). The Scotia BaTS III Series 2009-1 will be issued under a trust indenture (the “Trust Indenture”) to be entered into on the Closing Date between the Trust, The Bank of Nova Scotia (the “Bank”) and BNY Trust Company of Canada, as trustee for the holders of Scotia BaTS III Series 2009-1 (the “Indenture Trustee”).
Principal Amount of Offering:	\$650,000,000.
Issue Price:	\$1,000 per \$1,000 principal amount of Scotia BaTS III Series 2009-1.
Issue Date:	On or about May 7, 2009 (the “Closing Date”).
Maturity Date:	June 30, 2108.
Specified Denominations:	\$1,000 and integral multiples thereof.
Ratings:	The Scotia BaTS III Series 2009-1 are provisionally rated A (high) Under Review with Negative Implications by DBRS Limited (“DBRS”), Aa3 by Moody’s Investors Service, Inc. (“Moody’s”) and P-1 (low) on its Canadian preferred share rating scale and “A” on its global preferred share rating scale by Standard & Poor’s Rating Services (“S&P”), a division of The McGraw-Hill Companies (Canada) Corporation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. See “Ratings”.
Use of Proceeds:	The gross proceeds to the Trust from the Offering of \$650,000,000 will be used to acquire the Series 2009-1 Bank Deposit Note from the Bank. The Bank, in turn, intends to use the proceeds from the issue of the Series 2009-1 Bank Deposit Note for general banking purposes. See “Use of Proceeds”.
Interest:	From the date of issue until June 30, 2108 the Trust will pay interest on the Scotia BaTS III Series 2009-1 in equal (subject to the reset of the interest rate) semi-annual instalments on June 30 and December 31 of each year, with the first payment on June 30, 2009, subject to any applicable withholding tax. Notwithstanding the foregoing, assuming the Scotia BaTS III Series 2009-1 are issued on May 7, 2009, the first interest payment on the Scotia BaTS III Series 2009-1 on June 30, 2009 will be in the amount of \$11.54 per \$1,000 principal amount of Scotia BaTS III Series 2009-1. From the date of issue to, but excluding, June 30, 2019 the interest rate on the Scotia BaTS III Series 2009-1 will be fixed at 7.802% per annum. Starting on June 30, 2019 and on every fifth anniversary of such date thereafter until June 30, 2104 (each such date, an “Interest Reset Date”), the interest rate on the Scotia BaTS III Series 2009-1 will be reset at an interest rate per annum equal to the Government of Canada Yield (as defined herein) plus 7.05%. The Scotia BaTS III Series 2009-1 will mature on June 30, 2108. Holders of Scotia BaTS III Series 2009-1 may, in certain

circumstances, be required to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares (as defined herein) of the Bank. See “Deferral Right” below.

**Series 2009-1 Bank
Deposit Note:**

The Series 2009-1 Bank Deposit Note will be dated the Closing Date and will mature on June 30, 2108. From the Closing Date until June 30, 2108, the Bank will pay interest on the Series 2009-1 Bank Deposit Note in equal (subject to the reset of the interest rate) semi-annual instalments on June 30 and December 31 of each year, with the first payment on June 30, 2009. Notwithstanding the foregoing, assuming the Series 2009-1 Bank Deposit Note is issued on May 7, 2009, the first interest payment on the Series 2009-1 Bank Deposit Note on June 30, 2009 will be in the amount of \$11.58 per \$1,000 principal amount of the Series 2009-1 Bank Deposit Note. From the date of issue to, but excluding, June 30, 2019 the interest rate on the Series 2009-1 Bank Deposit Note will be fixed at 7.83% per annum. Starting on June 30, 2019 and on every Interest Reset Date, the interest rate on the Series 2009-1 Bank Deposit Note will be reset at an interest rate per annum equal to the Government of Canada Yield (as defined herein) plus 7.10%. See “Description of the Series 2009-1 Bank Deposit Note”.

The Series 2009-1 Bank Deposit Note is a senior unsecured obligation of the Bank that ranks on a parity with all other deposit and unsubordinated liabilities of the Bank. In addition to the Series 2009-1 Bank Deposit Note, the Trust may acquire other Eligible Trust Assets from time to time including, without limitation, an interest bearing deposit note from the Bank (the “Funding Note”). The proceeds from the subscription by the Bank for Voting Trust Units of \$5,000,000 pursuant to an agreement between the Bank and the Trust (the “Subscription Agreement”) will be used by the Trust to pay its expenses of the Offering. To the extent there is a funding shortfall, the Trust will borrow the necessary amount from the Bank under the Credit Facility.

**Bank Dividend Stopper
Undertaking:**

Pursuant to an Assignment, Set-Off and Trust Agreement among the Trust, the Bank and the Indenture Trustee (the “Assignment and Set-Off Agreement”), the Bank will covenant for the benefit of holders of Scotia BaTS III Series 2009-1 that, in the event of an Other Deferral Event, in the period commencing on the relevant Deferral Date to but excluding the first day of the applicable Dividend Declaration Resumption Month: (i) the Bank will not declare dividends of any kind on any of the Dividend Restricted Shares; and (ii) neither the Bank nor any subsidiary of the Bank may make any payment to holders of Dividend Restricted Shares or in respect of dividends not declared or paid by the Bank, and neither the Bank nor any subsidiary of the Bank may purchase any Dividend Restricted Shares, provided that any subsidiary of the Bank whose primary business is dealing in securities may purchase shares of the Bank in certain limited circumstances as permitted by the Bank Act or the regulations thereunder. **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the interest in cash on the Scotia BaTS III Series 2009-1 on each Interest Payment Date so as to avoid triggering the Dividend Stopper Undertaking.** See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Bank Dividend Stopper Undertaking” and “Risk Factors”.

Deferral Right:

Pursuant to the Assignment and Set-Off Agreement, on each Interest Payment Date in respect of which a Deferral Event has occurred (each a “Deferral Date”), holders of the Scotia BaTS III Series 2009-1 will be required to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares. A new series of Bank Deferral Preferred Shares will be issued in respect of each Deferral Event. The subscription amount of each Bank Deferral Preferred Share will be an amount equal to the face amount of the share, and the number of Bank Deferral Preferred Shares subscribed for on each Deferral Date will be calculated by dividing the amount of the interest payment on the Scotia BaTS III Series 2009-1 that has not been paid in cash on the applicable Deferral Date by the face amount of each Bank Deferral Preferred Share. For greater certainty, whether or not a Deferral Event has occurred in respect of a particular Interest Payment Date will be determined prior to the

commencement of the Interest Period ending on the day immediately preceding such Interest Payment Date, except in the case of a Deferral Event occurring by reason of interest not being paid in full in cash for whatever reason on the Scotia BaTS III Series 2009-1 on any Interest Payment Date, in which case the determination will be made on the applicable Interest Payment Date but will be considered to have occurred on the day immediately preceding such Interest Payment Date.

A Deferral Event will occur in circumstances where: (i) the Bank has failed to declare cash dividends on all of the outstanding Bank Preferred Shares or, failing any Bank Preferred Shares being outstanding, on all of the outstanding Bank Common Shares (other than a failure to declare dividends on such shares during a Dividend Restricted Period) in accordance with the Bank's ordinary dividend practice in effect from time to time, in each case in the last 90 days preceding the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date (a "Missed Dividend Deferral Event"); or (ii) for whatever reason, interest is not paid in full in cash on the Scotia BaTS III Series 2009-1 on any Interest Payment Date (or the next following Business Day if the relevant Interest Payment Date is not a Business Day); or (iii) the Bank elects, at its sole option, prior to the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date, that holders of Scotia BaTS III Series 2009-1 invest interest paid on the Scotia BaTS III Series 2009-1 on the relevant Interest Payment Date in Bank Deferral Preferred Shares (in the case of either (ii) or (iii), an "Other Deferral Event"). There is no limit on the number of Deferral Events that may occur.

See "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right".

Bank Deferral Preferred Shares:

The Bank Deferral Preferred Shares will pay quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, at the Perpetual Preferred Share Rate, subject to any applicable withholding tax. See "Description of Bank Preferred Shares Series R and Bank Deferral Preferred Shares".

Automatic Exchange:

The Scotia BaTS III Series 2009-1, including accrued and unpaid interest thereon, will be exchanged automatically (the "Automatic Exchange"), without the consent of the holder thereof, for newly issued Bank Preferred Shares Series R if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; (iv) the Board of Directors of the Bank advises the Superintendent in writing that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (v) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the Automatic Exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a "Loss Absorption Event"). The Automatic Exchange shall occur as of 8:00 a.m. (Eastern time) (the "Exchange Time") on the date that a Loss Absorption Event occurs. On the exchange, holders of Scotia BaTS III Series 2009-1 will receive 40 Bank Preferred Shares Series R for each \$1,000 principal amount of Scotia BaTS III Series 2009-1 together with the number of Bank Preferred Shares Series R calculated by dividing the amount of accrued and unpaid interest, if any, on the Scotia BaTS III Series 2009-1 to, but excluding, the date the Loss Absorption Event occurs, by the face amount of the Bank Preferred Shares Series R. Following the Automatic Exchange, holders of Scotia BaTS III Series 2009-1 immediately prior to the Automatic Exchange will cease to have any claim or entitlement to interest or principal against the

Trust.

If, for any reason, the Automatic Exchange does not result in the exchange of all Scotia BaTS III Series 2009-1 then outstanding for Bank Preferred Shares Series R, the Trust will redeem each \$1,000 principal amount of Scotia BaTS III Series 2009-1 not so exchanged for consideration consisting of 40 Bank Preferred Shares Series R together with the number of Bank Preferred Shares Series R calculated by dividing the amount of accrued and unpaid interest, if any, on the Scotia BaTS III Series 2009-1 to, but excluding, the date the Loss Absorption Event occurs, by the face amount of the Bank Preferred Shares Series R. **If the Automatic Exchange were to occur and Bank Preferred Shares Series R were issued in exchange for the Scotia BaTS III Series 2009-1, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the Scotia BaTS III Series 2009-1 would be lost. Accordingly, it is in the interests of the Bank to ensure that an Automatic Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond the Bank's control.** See "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange" and "Description of the Bank Preferred Shares Series R and Bank Deferral Preferred Shares".

Bank Preferred Shares Series R: The Bank Preferred Shares Series R will pay fixed quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, at the Perpetual Preferred Share Rate, subject to any applicable withholding tax. See "Description of Bank Preferred Shares Series R and Bank Deferral Preferred Shares".

Status as Tier 1 Capital: The Scotia BaTS III Series 2009-1 have been structured with the intention of achieving Tier 1 regulatory capital for purposes of the guidelines of the Superintendent and as such, have, in certain circumstances, features similar to those of equity securities. Application has been made to the Superintendent to confirm Tier 1 capital treatment for the Scotia BaTS III Series 2009-1. On each Interest Payment Date in respect of which a Deferral Event (which includes the failure by the Bank to declare cash dividends on Bank Preferred Shares or, if no Bank Preferred Shares are outstanding, on Bank Common Shares, in accordance with ordinary dividend practice) has occurred, holders of Scotia BaTS III Series 2009-1 will be required to invest interest paid thereon in Bank Deferral Preferred Shares. This investment will be effected by the Indenture Trustee subscribing for such shares for and on behalf of the holders of Scotia BaTS III Series 2009-1. See "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right". In addition, upon the occurrence of a Loss Absorption Event, the Scotia BaTS III Series 2009-1 will be exchanged automatically for newly issued Bank Preferred Shares Series R. In such event, former holders of Scotia BaTS III Series 2009-1 would rank as preferred shareholders of the Bank in a liquidation of the Bank. See "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange."

Trust Redemption Right: On or after June 30, 2014 the Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days' notice to the holders of the Scotia BaTS III Series 2009-1, redeem the Scotia BaTS III Series 2009-1, in whole or in part. The redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Canada Yield Price, and the redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 redeemed on any Interest Reset Date will be par, together in either case with accrued and unpaid interest to but excluding the date fixed for redemption. The redemption price payable by the Trust will be paid in cash. See "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Trust Redemption Right".

Scotia BaTS III Series 2009-1 redeemed by the Trust shall be cancelled and shall not be reissued.

Redemption on Tax or Regulatory Event:

The Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days' notice to the holders of the Scotia BaTS III Series 2009-1, redeem all (but not less than all) of the Scotia BaTS III Series 2009-1 upon the occurrence of a Regulatory Event or a Tax Event. The redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 will be equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash. See "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Redemption on Tax or Regulatory Event".

Purchase for Cancellation:

On or after the date that is five years after the Closing Date, the Scotia BaTS III Series 2009-1 may be purchased, in whole or in part, by the Trust, at the direction of the Bank and with prior approval of the Superintendent, in the open market or by tender or private contract at any price. Scotia BaTS III Series 2009-1 purchased by the Trust shall be cancelled and shall not be reissued.

Additional Bank Covenants:

In addition to the Dividend Stopper Undertaking, the Bank will covenant for the benefit of the holders of Scotia BaTS III Series 2009-1, pursuant to the Share Exchange Agreement or the Assignment and Set-Off Agreement, as the case may be, that:

- (i) all of the outstanding Voting Trust Units will be held at all times, directly or indirectly, by the Bank;
- (ii) as long as any Scotia BaTS III Series 2009-1 are outstanding and held by any person other than the Bank, the Bank will not take any action to cause the termination of the Trust except as set forth under "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Rights on Termination of the Trust" and only with prior approval of the Superintendent;
- (iii) the Bank will not create or issue any Bank Preferred Shares which, in the event of insolvency or winding-up of the Bank, would rank in right of payment in priority to the Bank Preferred Shares Series R or the Bank Deferral Preferred Shares;
- (iv) the Bank will not assign or otherwise transfer its obligations under the Share Exchange Agreement or the Assignment and Set-Off Agreement, except in the case of a merger, consolidation, amalgamation or reorganization or a sale of substantially all of the assets of the Bank;
- (v) if the Scotia BaTS III Series 2009-1 have not been exchanged for Bank Preferred Shares Series R pursuant to the Automatic Exchange, the Bank will not, without the approval of the holders of the Scotia BaTS III Series 2009-1, delete or vary any terms attaching to the Bank Preferred Shares Series R other than the terms which may be amended without the approval of the holders of the series; and
- (vi) prior to the issuance of any Bank Deferral Preferred Shares in respect of a Deferral Event, the Bank will not, without the approval of the holders of Scotia BaTS III Series 2009-1, delete or vary any terms attaching to the Bank Deferral Preferred Shares other than the terms which may be amended without the approval of the holders of each series thereof.

Subordination and Events of Default:

The Scotia BaTS III Series 2009-1 will be direct unsecured obligations of the Trust, ranking at least equally with other subordinated indebtedness of the Trust from time to time issued and outstanding. In the event of the insolvency or winding-up of the Trust, the indebtedness evidenced by Scotia BaTS III Series 2009-1 issued by the Trust will be subordinate in right of payment to the prior payment in full of all other liabilities of the Trust except liabilities which by their terms rank in right of payment equally with or subordinate to indebtedness evidenced by such Scotia BaTS III Series 2009-1.

An event of default in respect of the Scotia BaTS III Series 2009-1 will occur only if the Trust or the Bank becomes insolvent or bankrupt or resolves to wind-up or liquidate or is ordered wound-up or liquidated.

The subordination provisions and the event of default provisions of the Scotia BaTS III Series 2009-1 as described herein are not likely to be relevant to the holders of the Scotia BaTS III Series 2009-1 in their capacity as creditors of the Trust since the Automatic Exchange provisions of the Scotia BaTS III Series 2009-1 will result in the Scotia BaTS III Series 2009-1 being exchanged for Bank Preferred Shares Series R effective as of the Exchange Time. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange” and “Risk Factors”.

If an event of default has occurred and is continuing, and the Scotia BaTS III Series 2009-1 have not already been automatically exchanged for Bank Preferred Shares Series R, the Indenture Trustee may, in its discretion and shall upon the request of holders of not less than one-quarter of the principal amount of Scotia BaTS III Series 2009-1 then outstanding under the Trust Indenture, declare the principal of and interest on all outstanding Scotia BaTS III Series 2009-1 to be immediately due and payable. There will be no right of acceleration in the case of a default in the performance of any covenant of the Trust or the Bank in the Trust Indenture, although a legal action could be brought to enforce such covenant.

Book-Entry Only Form:

The Scotia BaTS III Series 2009-1 will be issued under the book-entry only system operated by CDS Clearing and Depository Services Inc. or its nominees (“CDS”) and must be purchased or transferred through participants (collectively, “Participants”) in the depository service of CDS. Participants include securities brokers and dealers, banks and trust companies. Accordingly, physical certificates representing the Scotia BaTS III Series 2009-1 will not be available except in the limited circumstances described under “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Book-Entry Only Form”.

Voting Trust Units:

On or prior to the closing of the Offering, the Bank, or one or more affiliates of the Bank, will subscribe for Voting Trust Units. See “Description of the Trust Securities — The Voting Trust Units”.

THE TRUST

The Trust is a trust established under the laws of Ontario by the Trustee pursuant to the Declaration of Trust. The Trust has been formed for the purpose of issuing debt securities, including the Scotia BaTS III Series 2009-1 and to acquire and hold the Trust Assets that will generate income for payment of principal, interest, the redemption price, if any, and any other amounts, in respect of its debt securities, including the Scotia BaTS III Series 2009-1. Immediately after the issuance by the Trust of the Scotia BaTS III Series 2009-1 pursuant to the Offering, the subscription by the Bank or its affiliates for the Voting Trust Units and the purchase by the Trust of the Series 2009-1 Bank Deposit Note, the Trust will have approximately \$670,000,000 in Trust Assets, \$650,000,000 of capital attributable to the Scotia BaTS III Series 2009-1, \$5,000,000 of capital attributable to the Voting Trust Units and approximately \$22,000,000 of funds borrowed under the Credit Facility, less the Offering expenses of the Trust.

RISK FACTORS

The purchase of Scotia BaTS III Series 2009-1 is subject to certain risks including the following: (i) an investment in Scotia BaTS III Series 2009-1 could be replaced in certain circumstances without the consent of the holder, by an investment in Bank Preferred Shares Series R and holders may in certain circumstances be required to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares; (ii) the ownership of shares of the Bank is subject to certain restrictions; (iii) there can be no assurance that an active trading market in the Scotia BaTS III Series 2009-1 will develop or be sustained or that the Scotia BaTS III Series 2009-1 may be resold at or above the initial public offering price; (iv) the Trust Indenture does not contain any provision limiting the ability of the Trust to incur indebtedness generally; (v) real or anticipated changes in credit ratings assigned to the Scotia BaTS III Series 2009-1 may affect their market value; (vi) the Trust will be dependent on the diligence and skill of the Bank as Administrative Agent and conflicts of interest may arise between the Trust and the Bank and its affiliates; and (vii) prevailing market yields on similar securities may affect the market value of the Scotia BaTS III Series 2009-1. See “Risk Factors”.

GLOSSARY

In this prospectus, unless the context otherwise requires:

1933 Act means the United States Securities Act of 1933, as amended.

Administration Agreement means the agreement between the Trust and the Bank pursuant to which the Bank, or any successor thereto, will serve as Administrative Agent to the Trust.

Administrative Agent means the Bank, or any successor thereto, in its capacity as administrative agent to the Trust pursuant to the Administration Agreement.

Assignment and Set-Off Agreement means the Assignment, Set-Off and Trust Agreement to be entered into among the Bank, the Trust and the Indenture Trustee, as bare trustee and nominee on behalf of holders of Scotia BaTS III Series 2009-1 on the Closing Date, pursuant to which, among other things, the Deferral Event Subscription is granted.

Automatic Exchange means the automatic exchange of the Scotia BaTS III Series 2009-1 for newly issued Bank Preferred Shares Series R upon the occurrence of a Loss Absorption Event.

Bank means The Bank of Nova Scotia.

Bank Act means the *Bank Act* (Canada), as amended from time to time.

Bank Common Shares means the common shares of the Bank.

Bank Deferral Preferred Shares means each series of non-cumulative preferred shares of the Bank to be issued to holders of Scotia BaTS III Series 2009-1 in respect of each Deferral Event.

Bank Exchange and Deferral Preferred Shares means, collectively, the Bank Preferred Shares Series R and the Bank Deferral Preferred Shares.

Bank Preferred Shares means the preferred shares of the Bank (including the Bank Preferred Shares Series R and Bank Deferral Preferred Shares).

Bank Preferred Shares Series R means the non-cumulative preferred shares, Series R of the Bank.

Board of Directors means the board of directors of the Bank.

Business Day means a day on which Canadian chartered banks are open for business in the City of Toronto and which is not a Saturday or Sunday.

Canada Yield Price means the price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 calculated by the Bank to provide an annual yield thereon from the applicable date of redemption to, but excluding, the next Interest Reset Date equal to the GOC Redemption Yield plus (i) 1.17% if the redemption date is any time prior to June 30, 2019 or (ii) 2.35% if the redemption date is any time on or after June 30, 2019.

Capital Guidelines means the Canadian bank regulatory guidelines issued by the Superintendent or other governmental authority in Canada concerning the maintenance of adequate capital reserves by Canadian chartered banks, including the Bank, from time to time.

CDS means CDS Clearing and Depository Services Inc. and its nominees, or any successor thereto carrying on the business of a depository.

CDS Procedures mean the customary practices and procedures of CDS.

Closing Date means the date of closing of the Offering.

Credit Facility means the unsecured credit facility to be provided by the Bank to the Trust.

DBRS means DBRS Limited.

Declaration of Trust means the declaration of trust by the Trustee dated August 19, 2008 establishing the Trust, as amended and restated from time to time.

Deferral Date means an Interest Payment Date in respect of which a Deferral Event has occurred.

Deferral Event in respect of an Interest Payment Date means either a Missed Dividend Deferral Event or an Other Deferral Event.

Deferral Event Subscription means the right and obligation of the Bank to issue Bank Deferral Preferred Shares, and the corresponding right and obligation of holders of Scotia BaTS III Series 2009-1, pursuant to the Assignment and Set-Off Agreement, to subscribe for Bank Deferral Preferred Shares, in each case, using interest paid on the Scotia BaTS III Series 2009-1 upon the occurrence of a Deferral Event.

Deferral Event Subscription Proceeds has the meaning ascribed thereto under “Description of the Trust Securities – Scotia BaTS III Series 2009-1 – Deferral Right”.

Deferral Event Subscription Proceeds Assignment has the meaning ascribed thereto under “Description of the Trust Securities – Scotia BaTS III Series 2009-1 – Deferral Right”.

Deposit Note Purchase Agreement means the purchase agreement to be entered into between the Bank and the Trust on the Closing Date providing for the purchase by the Trust of the Series 2009-1 Bank Deposit Note.

Dividend Declaration Resumption Month means the month that is the 6th month following the relevant Deferral Date in respect of which an Other Deferral Event has occurred, being the month in which the Bank may resume declaring dividends on the Dividend Restricted Shares.

Dividend Restricted Period means the period from and including a Deferral Date in respect of which an Other Deferral Event has occurred to but excluding the first day of the applicable Dividend Declaration Resumption Month.

Dividend Restricted Shares means, collectively, any Bank Preferred Shares or, if no Bank Preferred Shares are then outstanding, the Bank Common Shares, being the shares of the Bank that are subject to the Dividend Stopper Undertaking.

Dividend Stopper Undertaking means the covenant of the Bank set out in the Assignment and Set-Off Agreement, for the benefit of the holders of Scotia BaTS III Series 2009-1, to refrain from declaring dividends of any kind on the Dividend Restricted Shares commencing on the applicable Deferral Date in respect of which an Other Deferral Event has occurred to but excluding the first day of the Dividend Declaration Resumption Month.

Early Release Date means, in respect of Bank Deferral Preferred Shares held in escrow, the date of: (i) an Automatic Exchange; (ii) maturity of the Scotia BaTS III Series 2009-1; or (iii) redemption of all of the outstanding Scotia BaTS III Series 2009-1, in any case, prior to the next following Release Date for such Bank Deferral Preferred Shares.

Eligible Trust Assets means money, debt obligations and contractual rights in respect of the activities and operations of the Trust.

Exchange Time means the time at which the Automatic Exchange will be effective, being 8:00 a.m. (Eastern Time) on the date that a Loss Absorption Event occurs.

Exchange Trustee means BNY Trust Company of Canada, as trustee for the holders of Scotia BaTS III Series 2009-1 pursuant to the Share Exchange Agreement or such other successor trustee as may be appointed from time to time pursuant to the Share Exchange Agreement.

Funding Note means an interest bearing deposit note that may be acquired by the Trust from the Bank which, if acquired, would constitute an Eligible Trust Asset.

Funding Note Purchase Agreement means the purchase agreement to be entered into between the Bank and the Trust on the Closing Date providing for the purchase by the Trust of the Funding Note, if applicable.

GOC Redemption Yield means, on any date, the average of the annual yields at 12:00 p.m. (Eastern time) on the Business Day immediately preceding the date on which the Trust gives notice of the redemption of the Scotia BaTS III Series 2009-1 as determined by two Canadian registered investment dealers, each of which will be selected by, and must be independent of, the Bank, as being the annual yield from the applicable date of redemption to, but excluding, the next Interest Reset Date which a non-callable Government of Canada bond would carry, assuming semi-annual compounding, if issued in Canadian dollars at 100% of its principal amount on the date of redemption and maturing on the next Interest Reset Date.

Government of Canada Yield means, on any Interest Reset Date, the average of the annual yields as at 12:00 p.m. (Eastern time) on the third Business Day prior to the applicable Interest Reset Date as determined by two Canadian registered investment dealers, each of which will be selected by, and must be independent of, the Bank, as being the annual yield to maturity on such date which a non-callable Government of Canada bond would carry, assuming semi-annual compounding, if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity of five years.

Indenture Trustee means BNY Trust Company of Canada, as trustee for the holders of Scotia BaTS III Series 2009-1 pursuant to the Trust Indenture or such other successor trustee as may be appointed from time to time pursuant to the Trust Indenture.

Ineligible Person means any person whose address is in, or whom the Bank or the Trust or its transfer agent has reason to believe is a resident of, any jurisdiction outside of Canada to the extent that: (i) the issuance or delivery by the Bank or the Trust to such person, upon an Automatic Exchange or Deferral Event, of Bank Preferred Shares Series R or Bank Deferral Preferred Shares, as applicable, would require the Bank or the Trust to take any action to comply with securities, banking or analogous laws of such jurisdiction; or (ii) withholding tax would be applicable in connection with the delivery to such person of Bank Preferred Shares Series R upon an Automatic Exchange.

Initial Trust Assets means the Series 2009-1 Bank Deposit Note to be acquired by the Trust on the Closing Date pursuant to the Deposit Note Purchase Agreement and the Funding Note that may be acquired by the Trust on such date pursuant to the Funding Note Purchase Agreement.

Interest Payment Date means the last day in June 30 and December 31 of each year during which the Scotia BaTS III Series 2009-1 are outstanding.

Interest Period means, initially, the period from and including the Closing Date to but excluding June 30, 2009 and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date.

Interest Reset Date means June 30, 2019 and every fifth anniversary of such date thereafter until June 30, 2104 on which dates the interest rate on the Scotia BaTS III Series 2009-1 will be reset as described in this prospectus.

Loss Absorption Event means an event giving rise to the Automatic Exchange, being the occurrence of any one of the following: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0%

or a risk-based Total Capital ratio of less than 8.0%; (iv) the Board of Directors advises the Superintendent in writing that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (v) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the Automatic Exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein.

Missed Dividend Deferral Event means the failure of the Bank to declare cash dividends on all of the outstanding Bank Preferred Shares or, failing any Bank Preferred Shares being outstanding, on all of the outstanding Bank Common Shares (other than a failure to declare such dividends during a Dividend Restricted Period), in accordance with the Bank's ordinary dividend practice in effect from time to time, in each case in the last 90 days preceding the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date.

Moody's means Moody's Investors Service, Inc.

Offering means the offering of Scotia BaTS III Series 2009-1 by the Trust pursuant to this prospectus.

Other Deferral Event means: (i) the election by the Bank, at its sole option, prior to the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date, that holders of Scotia BaTS III Series 2009-1 invest interest paid in cash on the Scotia BaTS III Series 2009-1 on the relevant Interest Payment Date in Bank Deferral Preferred Shares; or (ii) for whatever reason, interest is not paid in full in cash on the Scotia BaTS III Series 2009-1 on any Interest Payment Date (or the next following Business Day if the relevant Interest Payment Date is not a Business Day).

Participants mean the participants in the depository service of CDS.

Perpetual Preferred Share Rate means the rate per annum equal to the Thirty Year Canada Yield prevailing: (i) in the case of the Bank Preferred Shares Series R, at the Exchange Time; or (ii) in the case of the Bank Deferral Preferred Shares, on the date of issuance of each series of Bank Deferral Preferred Shares, plus, in each case, 2.91%.

Regulatory Event means the Bank has received notice or advice from the Superintendent either: (i) that the Scotia BaTS III Series 2009-1 no longer qualify as eligible Tier 1 capital under the Capital Guidelines; or (ii) that the Scotia BaTS III Series 2009-1 no longer qualify as Tier 2 capital under the Capital Guidelines.

Release Date means the date on which Bank Deferral Preferred Shares issued in connection with a Deferral Event are to be released from escrow, being the next following Interest Payment Date that is not a Deferral Date, subject to the occurrence of an Early Release Date.

S&P means Standard & Poor's, a division of The McGraw-Hill Companies Inc.

Scotia BaTS III Series 2009-1 mean the 7.802% Scotiabank Tier 1 Securities Series 2009-1 due June 30, 2108 to be issued by the Trust to investors in Canada pursuant to the Offering.

Series 2009-1 Bank Deposit Note means the senior deposit note dated the Closing Date issued by the Bank to the Trust in order to generate income for payment of the principal, interest, the redemption price, if any, and any other amounts, in respect of the Trust's debt securities, including the Scotia BaTS III Series 2009-1.

Series 2009-1 Bank Deposit Note Canada Yield Price means the price per \$1,000 principal amount of the Series 2009-1 Bank Deposit Note calculated by the Bank to provide an annual yield thereon from the applicable date of redemption to, but excluding, the next Interest Reset Date equal to the GOC Redemption Yield plus (i) 1.17% if the redemption date is any time prior to June 30, 2019 or (ii) 2.35% if the redemption date is any time on or after June 30, 2019.

Share Exchange Agreement means the Share Exchange Agreement to be entered into on the Closing Date between the Bank, the Trust and the Exchange Trustee providing for, among other things, certain covenants of the Bank as well as

the respective rights and obligations of the Bank, the Trust and the holders of the Scotia BaTS III Series 2009-1 with respect to the exchange of Scotia BaTS III Series 2009-1 for Bank Preferred Shares Series R in connection with an Automatic Exchange.

Significant Shareholder means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, shares of any class of the Bank in excess of 10% of the total number of outstanding shares of that class.

Subscription Agreement means an agreement to be entered into between the Bank and the Trust on the Closing Date pursuant to which the Bank directly or indirectly subscribes for Voting Trust Units.

Subscription Right means the right granted by the Bank to the Trust pursuant to the Share Exchange Agreement to subscribe for Bank Preferred Shares Series R for the sole benefit of holders of Scotia BaTS Series 2009-1 so as to enable the Trust to redeem Scotia BaTS III Series 2009-1, if any, remaining outstanding following the Automatic Exchange for Bank Preferred Shares Series R.

Superintendent means the Superintendent of Financial Institutions (Canada).

Tax Act means the *Income Tax Act* (Canada).

Tax Event means the Trust or the Bank has received an opinion of independent counsel of a nationally recognized law firm in Canada experienced in such matters (who may be counsel to the Bank or the Trust) to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada, or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “administrative action”); or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each of case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of issue of the Scotia BaTS III Series 2009-1, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that (A) the Trust or the Bank is, or may be, subject to more than a *de minimus* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Scotia BaTS III Series 2009-1 (including the treatment by the Bank or the Trust of interest on the Series 2009-1 Bank Deposit Note or the Scotia BaTS III Series 2009-1) or the treatment of the Series 2009-1 Bank Deposit Note or other property of the Trust, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority, or (B) the Trust is, or will be, subject to more than a *de minimus* amount of taxes, duties or other governmental charges or civil liabilities.

Thirty Year Canada Yield means, on the relevant date, the average of the annual yields as at 12:00 p.m. (Eastern time) as determined by two Canadian registered investment dealers, each of which will be selected by and must be independent of, the Bank, as being the annual yield to maturity on such date which a non-callable Government of Canada bond would carry, assuming semi-annual compounding, if issued in Canadian dollars in Canada at 100% of its principal amount with a term to maturity of thirty years.

Trust means Scotiabank Tier 1 TrustTM, the issuer of the Trust Securities.

Trust Assets means the Eligible Trust Assets held by the Trust from time to time.

Trust Indenture means the trust indenture to be entered into on the Closing Date between the Trust, the Bank and the Indenture Trustee.

Trust Securities means, collectively, the Scotia BaTS III Series 2009-1 and the Voting Trust Units.

Trustee means Computershare Trust Company of Canada, trustee of the Trust or such other successor trustee as may be appointed from time to time pursuant to the Declaration of Trust.

TSX means the Toronto Stock Exchange.

U.S. Person has the meaning set out under the U.S. Securities Act.

Underwriters means, collectively, Scotia Capital Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., CIBC World Markets Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., Desjardins Securities Inc., Laurentian Bank Securities Inc. and Manulife Securities Incorporated.

Underwriting Agreement means the agreement dated April 30, 2009 between the Trust, the Bank and the Underwriters.

Voting Trust Units mean the Voting Trust Units to be issued by the Trust to the Bank or affiliates of the Bank.

Unless otherwise indicated, all dollar amounts in this prospectus are expressed in Canadian dollars.

THE TRUST

General

The Trust is a trust established under the laws of Ontario by the Trustee pursuant to the Declaration of Trust. The Trust has been formed for the purpose of issuing debt securities, including the Scotia BaTS III Series 2009-1, and acquiring and holding the Trust Assets in order to generate income for payment of principal, interest, the redemption price, if any, and any other amounts, in respect of its debt securities, including the Scotia BaTS III Series 2009-1. The Offering will provide the Bank with a cost-effective means of raising capital for Canadian bank regulatory purposes. As a result of the Offering, the Trust will become a reporting issuer for the purposes of applicable securities laws in Canada and will be required, among other things, to make continuous disclosure filings with applicable securities regulatory authorities. See “The Trust – Exemptions from Certain Continuous Disclosure Requirements”.

The head and registered office of the Trust is located at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

The Trust is not a trust company and does not carry on business as a trust company and, accordingly, the Trust is not registered under the trust company legislation of any jurisdiction. The Scotia BaTS III Series 2009-1 are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

Activities of the Trust

The Trust’s objective is to acquire and hold the Trust Assets that will generate income for payment of principal, interest, the redemption price, if any, and any other amounts, in respect of its debt securities, including the Scotia BaTS III Series 2009-1. The Initial Trust Assets will consist primarily of the Series 2009-1 Bank Deposit Note, which is to be purchased pursuant to an agreement between the Trust and the Bank (the “Deposit Note Purchase Agreement”), as well as the Funding Note, which may be purchased pursuant to an agreement between the Trust and the Bank (the “Funding Note Purchase Agreement”). The Series 2009-1 Bank Deposit Note is a senior unsecured obligation of the Bank that ranks on a parity with all other deposit and unsubordinated liabilities of the Bank. The Trust may also acquire and hold other assets, including money, debt obligations and contractual rights in respect of the activities and operations of the Trust (collectively, “Eligible Trust Assets”) from time to time.

Capitalization

As a newly-formed entity, the Trust has no prior operating history. Immediately after the issuance by the Trust of the Scotia BaTS III Series 2009-1 pursuant to the Offering, the subscription by the Bank for the Voting Trust Units, the purchase by the Trust of the Series 2009-1 Bank Deposit Note and the purchase by the Trust of the Funding Note, if applicable, the Trust will have approximately \$670,000,000 in Trust Assets, \$650,000,000 of capital attributable to the Scotia BaTS III Series 2009-1, \$5,000,000 of capital attributable to the Voting Trust Units and approximately \$22,000,000 of funds borrowed under the Credit Facility, less the Offering expenses of the Trust. See “Capitalization of the Trust” and “Risk Factors”.

Conflicts of Interest

Due to the nature of the Trust’s relationship with the Bank and its affiliates, it is possible that conflicts of interest will arise with respect to certain transactions including, without limitation, the Trust’s acquisition of Trust Assets from the Bank and/or its affiliates. See “Interest of the Bank and its Affiliates in Material Transactions” and “Principal Holders of Securities”. It will be the Trust’s policy that the terms of any financial dealings with the Bank or any of its affiliates will be consistent with those available from third parties.

Conflicts of interest between the Trust and the Bank and its affiliates may also arise in connection with actions taken by the Bank, as direct or indirect holder of the Voting Trust Units. It is intended that any agreements and transactions between the Trust, on the one hand, and the Bank and its affiliates, on the other hand, including the Administration Agreement, will be fair to the parties and consistent with market terms for such types of transactions.

However, there can be no assurance that any such agreement or transaction will be on terms as favourable to the Trust as would have been obtained from unaffiliated third parties.

The Administrative Agent

The Trustee has entered into an agreement (the “Administration Agreement”) with the Bank, pursuant to which the Trustee has delegated to the Bank certain of its obligations in relation to the administration of the Trust. The Bank, in its role as administrative agent under the Administration Agreement (the “Administrative Agent”) will, at the request of the Trustee, administer the day-to-day operations of the Trust and perform such other matters as may be requested by the Trustee from time to time. The Administrative Agent may, from time to time, delegate or sub-contract all or a portion of its obligations under the Administration Agreement to one or more of its qualified affiliates. The Administrative Agent will not, in connection with the delegation or sub-contracting of any of such obligations, be discharged or relieved in any respect from its obligations under the Administration Agreement. The Administrative Agent will be entitled to receive an annual administration fee.

The Administration Agreement has an initial 10-year term and will be automatically renewed each year thereafter subject to the right of the Trustee to terminate the Administration Agreement at any time upon 90 days’ prior written notice upon the occurrence of one or more events generally related to the failure of the Administrative Agent to perform its obligations under the Administrative Agreement in a proper and timely manner.

Liquidity

The Trust will only borrow funds from the Bank or its affiliates pursuant to an unsecured credit facility extended by such entity to the Trust (the “Credit Facility”) and will use borrowed funds only for the purposes of ensuring liquidity in the normal course of the Trust’s activities, to facilitate the payment by the Trust of the expenses of the Offering.

Exemptions from Certain Continuous Disclosure Requirements

As a result of the Offering, the Trust will become a reporting issuer in each of the provinces and territories of Canada where such concept exists and will be required, among other things, to make continuous disclosure filings with applicable securities regulatory authorities; however, the Trust intends to apply to the securities regulatory authorities in those provinces and territories (the “Commissions”), as appropriate, for exemptions from certain continuous disclosure requirements prescribed by applicable securities legislation for reporting issuers.

If granted, the exemptions will likely be conditional on holders of Scotia BaTS III Series 2009-1 receiving the interim unaudited and annual audited financial statements of the Bank, and the Bank continuing to file with the Commissions its interim unaudited and annual audited financial statements, annual information form, management information circular and other continuous disclosure documents required to be filed by the Bank from time to time. If these exemptions are granted, the Trust will not be required to file with the Commissions interim unaudited and annual audited financial statements, including management’s discussion and analysis of the financial condition and results of operation of the Trust, interim and annual certificates signed by the Chief Financial Officer and Chief Executive Officer, an information circular or an annual information form of the Trust, and holders of Scotia BaTS III Series 2009-1 will not receive such financial statements and other continuous disclosure documents of the Trust. It is expected, however, that the Trust will remain subject to the requirement to file material change reports in the event of any material change in the affairs of the Trust.

Exemptive relief will be sought by the Trust based on the following terms and conditions of the Scotia BaTS III Series 2009-1 and for the following reasons. The operating activity of the Trust will consist of acquiring and holding Trust Assets for the purpose of generating income for payment of principal, interest and the redemption price, if any, and any other amounts on its debt securities, including the Scotia BaTS III Series 2009-1. Accordingly, the information relating to the financial condition and operations of a reporting issuer that is contained in an annual information form or other continuous disclosure documents will not, in respect of the Trust, be meaningful to holders of Scotia BaTS III Series 2009-1. In certain circumstances, including at a time when the Bank’s financial condition is deteriorating or proceedings for the winding-up of the Bank have been commenced (See “Description of the Trust Securities — Scotia

BaTS III Series 2009-1 — Automatic Exchange”), the Scotia BaTS III Series 2009-1 will be automatically exchanged for Bank Preferred Shares Series R. In addition, holders of Scotia BaTS III Series 2009-1 may, in certain circumstances, be required to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares. As a result of the foregoing, details of the Bank’s financial condition (as opposed to that of the Trust) will be of interest to holders of Scotia BaTS III Series 2009-1.

CAPITALIZATION OF THE TRUST

The following table sets forth the capitalization of the Trust as of the date of this prospectus and as adjusted to reflect the closing of the Offering and the issuance of Voting Trust Units.

	Outstanding as at April 30, 2009	(in thousands of Canadian dollars)	Outstanding as at April 30, 2009 after giving effect to the Offering ⁽¹⁾
Scotia BaTS III Series 2009-1.....	\$	—	\$ 650,000
Voting Trust Units	\$	—	\$ 5,000
Original Settlement Amount ⁽²⁾	\$	1	\$ —
Trust Capital	\$	1	\$ 655,000

(1) Issue costs, including the Underwriters’ fee, are estimated to be \$7,250,000.

(2) Amounts settled on the Trust’s formation subsequently applied as part of the subscription price for the Voting Trust Units.

THE BANK

General

The Bank was granted a charter under the laws of the Province of Nova Scotia in 1832, and commenced operations in Halifax, Nova Scotia in that year. Since 1871, the Bank has been a chartered bank under the Bank Act. The Bank is a Schedule 1 bank under the Bank Act and the Bank Act is its charter. The head office of the Bank is located at 1709 Hollis Street, Halifax, Nova Scotia and the executive offices are at Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1. A copy of the Bank’s by-laws are available on www.sedar.com.

The Bank is one of North America’s premier financial institutions and Canada’s most international bank. Through its team of approximately 66,000 employees, the Bank and its affiliates offer a broad range of products and services, including retail, commercial, corporate and investment banking to more than 12.5 million customers in some 50 countries around the world.

The Bank has three major business lines: Canadian Banking, International Banking and Scotia Capital. Each of these three business lines is discussed below and additional information on each of the Bank’s business lines is available on page 51 of the 2008 Management’s Discussion and Analysis.

Additional information regarding the Bank is incorporated by reference into this prospectus. See “Documents Incorporated by Reference”.

Canadian Banking

Canadian Banking provides a full range of banking and investing services to more than 7 million customers across Canada, through a network of 1,016 branches and 2,943 automated banking machines (“ABMs”), as well as telephone and Internet banking. Canadian Banking includes three main businesses. Retail and Small Business Banking provides mortgages, loans, credit cards, investments, insurance and day-to-day banking products to individuals and small businesses. Wealth Management provides a full range of products and services, including: retail brokerage (discretionary, non-discretionary and self-directed); investment management advice; mutual funds and savings products;

and financial, trust and estate planning, as well as private client services for affluent clients. Commercial Banking delivers a full product suite to medium and large businesses, including banking, cash management, lending and leasing.

International Banking

International Banking encompasses the Bank's retail and commercial banking operations in more than 40 countries outside Canada – an international presence unmatched by our domestic competitors. More than 47,000 employees, including subsidiaries and affiliates, provide a full range of financial services to over 5 million customers through a network of 1,850 branches and offices, 3,300 ABMs, telephone and Internet banking, in-store banking kiosks, and specialized sales forces. International Banking operates in the following geographic regions: the Caribbean and Central America, Mexico, Latin America and Asia.

Scotia Capital

Scotia Capital is the wholesale banking arm of the Scotiabank Group. Scotia Capital offers a wide variety of products to corporate, government and institutional investor clients. Scotia Capital is a full service lender and investment dealer in Canada and Mexico and offers a wide range of products in the United States. Scotia Capital also provides select products and services to niche markets in Europe and Asia. Scotia Capital provides corporate lending, equity underwriting and mergers and acquisitions advisory services as well as capital markets products and services such as fixed income, derivatives, prime brokerage, retail investment products, securitization, foreign exchange, equity sales, trading and research and, through ScotiaMocatta, precious metals.

Changes in Capitalization

On April 8, 2009, the Bank announced its intention to redeem all of its \$325 million aggregate principal amount of 5.75% Debentures due May 12, 2014 on May 12, 2009.

On April 15, 2009, the Bank completed a public offering of \$1,000,000,000 principal amount of 4.94% Debentures due 2019.

Limitations Affecting Holders of Bank Shares

The Bank Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. For example, no person shall be a major shareholder of a bank if the bank has equity of \$8 billion or more (which would include the Bank). A person is a major shareholder of a bank where: (i) the aggregate number of shares of any class of voting shares owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate number of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares. No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person (a "Significant Shareholder") has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank. Purchasers of securities of the Bank (and CDS Participants) may be required to furnish declarations relating to ownership (and ownership by clients of such CDS Participants) in a form prescribed by the Bank.

Under the Bank Act, the Bank cannot redeem or purchase any of its shares, including the Bank Preferred Shares Series R and Bank Deferral Preferred Shares, unless the consent of the Superintendent has been obtained. In addition, the Bank Act prohibits a payment to purchase or redeem any shares or the declaration of a dividend if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of the capital adequacy and liquidity regulations of the Bank Act or directions of the Superintendent. The Superintendent administers a restriction under the Bank Act on the Bank's ability to pay dividends on the Bank Common Shares or any of the Bank Preferred Shares which assesses the ongoing maintenance by the Bank of satisfactory regulatory capital and liquidity.

The Bank's ability to pay dividends is also restricted in the event that either Scotiabank Capital Trust or BNS Capital Trust (both subsidiaries of the Bank) fails to pay semi-annual distributions in full to holders of trust securities issued by those entities. In addition, the ability to pay dividends on the Bank Common Shares without the approval of the holders of the Bank Preferred Shares is restricted unless all dividends on the Bank Preferred Shares have been declared and paid or set apart for payment.

Recent Legislative Amendments

On March 12, 2009, Bill C-10, the Budget Implementation Act, 2009 (the "Bill"), received Royal Assent. The Bill includes certain amendments to the Bank Act that would permit the Canadian federal government to acquire shares of a bank, including the Bank, if the Minister of Finance (the "Minister") and Governor in Council were to conclude that to do so was necessary to promote stability in the financial system. While the government holds any shares of a bank, including the Bank, the Minister may impose certain terms and conditions, including conditions on the payment by the Bank of dividends on any of its shares.

Capital Adequacy Requirements

The Bank Act requires the Bank to maintain adequate capital in relation to its operations. The Superintendent has established risk-based capital targets for Canadian chartered banks of 7% (Tier 1 Capital) and 10% (Total Capital). The Superintendent has issued guidelines concerning the maintenance of adequate capital (the "Capital Guidelines") and has statutory authority pursuant to subsection 485(3) of the Bank Act to direct the Bank to increase its capital even if the Bank is in compliance with the Capital Guidelines. The Bank has no reason to believe that the Superintendent intends to direct the Bank to increase its capital beyond that contemplated by the Bank's announced financing plans. Pursuant to the Capital Guidelines, requirements are applied to the Bank on a consolidated basis including all subsidiaries except insurance subsidiaries or other regulated financial institutions whose leverage is inappropriate for a deposit-taking institution and which, because of their size, would have a material impact on the leverage of the consolidated entity.

The following table sets forth the risk-based Tier 1 Capital ratios and risk-based Total Capital ratios of the Bank as at the dates indicated:

	Risk-Based Tier 1 Capital ratio	Risk-Based Total Capital ratio
January 31, 2009.....	9.5%	11.4%
October 31, 2008 ⁽¹⁾	9.3%	11.1%
October 31, 2007	9.3%	10.5%
October 31, 2006	10.2%	11.7%
October 31, 2005	11.1%	13.2%
October 31, 2004	11.5%	13.9%
October 31, 2003	10.8%	13.2%
October 31, 2002	9.9%	12.7%
October 31, 2001	9.3%	13.0%
October 31, 2000	8.6%	12.2%
October 31, 1999	8.1%	11.9%

- (1) Effective the first quarter of 2008, capital ratios are calculated using guidelines issued by the Office of the Superintendent of Financial Institutions under the new Basel II framework. Comparative capital ratios are calculated using guidelines issued under the Basel I framework. For further information about Basel II, please refer to the Bank's Management's Discussion and Analysis of financial condition and results of operations for the year ended October 31, 2008.

The Offering will provide the Bank with a cost-effective means of raising regulatory capital for Canadian bank regulatory purposes. After giving effect to the proceeds of the Offering and the transactions referred to under "– Changes in Capitalization", the risk-based Tier 1 Capital ratio and the Total Capital ratio levels for the Bank at January 31, 2009, adjusted for such events, would have been 9.8% and 11.7%, respectively.

DESCRIPTION OF THE TRUST SECURITIES

Scotia BaTS III Series 2009-1

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Scotia BaTS III Series 2009-1 and certain provisions of the Trust Indenture. This summary is qualified in its entirety by the provisions of the Trust Indenture. A copy of the Trust Indenture may be inspected during normal business hours at the principal office of the Indenture Trustee in Toronto, Ontario, during the course of the distribution of the Scotia BaTS III Series 2009-1. Following closing of the Offering, a copy of the Trust Indenture will be available on SEDAR at www.sedar.com. Holders of Scotia BaTS III Series 2009-1 shall have no recourse to the assets of the Trustee in connection with any payments in respect of the Scotia BaTS III Series 2009-1. For information concerning the Bank Preferred Shares Series R into which the Scotia BaTS III Series 2009-1 are, in certain circumstances, exchangeable as described below, see “Description of Bank Preferred Shares Series R and Bank Deferral Preferred Shares”. For information concerning the Bank Deferral Preferred Shares, which in certain circumstances holders of Scotia BaTS III Series 2009-1 will be required to purchase with interest paid on the Scotia BaTS III Series 2009-1, see “Description of Bank Preferred Shares Series R and Bank Deferral Preferred Shares”. See “– Automatic Exchange” and “– Deferral Right”.

Interest and Maturity

From the date of issue until June 30, 2108 the Trust will pay interest on the Scotia BaTS III Series 2009-1 in equal (subject to the reset of the interest rate) semi-annual instalments on June 30 and December 31 of each year, with the first payment on June 30, 2009, subject to any applicable withholding tax. Notwithstanding the foregoing, assuming the Scotia BaTS III Series 2009-1 are issued on May 7, 2009, the first interest payment on the Scotia BaTS III Series 2009-1 on June 30, 2009 will be in the amount of \$11.54 per \$1,000 principal amount of Scotia BaTS III Series 2009-1. From the date of issue to, but excluding, June 30, 2019 the interest rate on the Scotia BaTS III Series 2009-1 will be fixed at 7.802% per annum. Starting on June 30, 2019 and on every fifth anniversary of such date thereafter until June 30, 2104 (each such date, an “Interest Reset Date”), the interest rate on the Scotia BaTS III Series 2009-1 will be reset at an interest rate per annum equal to the Government of Canada Yield (as defined herein) plus 7.05%. The Scotia BaTS III Series 2009-1 will mature on June 30, 2108. Holders of Scotia BaTS III Series 2009-1 may, in certain circumstances, be required to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares. See “– Deferral Right” below.

If an Interest Payment Date falls on a day that is not a Business Day, the Interest Payment Date will be postponed to the next Business Day, and no further interest will accrue in respect of such postponement.

Specified Denominations

The Scotia BaTS III Series 2009-1 will be issued only in minimum denominations of \$1,000 and integral multiples thereof.

Bank Dividend Stopper Undertaking

The Bank will covenant for the benefit of holders of Scotia BaTS III Series 2009-1 in the Assignment and Set-Off Agreement that, in the event of an Other Deferral Event, in the period commencing on the relevant Deferral Date to but excluding the first day of the Dividend Declaration Resumption Month: (i) it will not declare dividends of any kind on the Dividend Restricted Shares; and (ii) neither the Bank nor any subsidiary of the Bank may make any payment to holders of the Dividend Restricted Shares in respect of dividends not declared or paid by the Bank, and neither the Bank nor any subsidiary of the Bank may purchase any Dividend Restricted Shares, provided that any subsidiary of the Bank whose primary business is dealing in securities may purchase shares of the Bank in certain limited circumstances as permitted by the Bank Act or the regulations thereunder. The first dividend in respect of the Dividend Restricted Shares declared by the Bank in or following the Dividend Declaration Resumption Month shall be paid by the Bank no earlier than would ordinarily be the case. **It is in the interest of the Bank to ensure, to the extent within its control, that the Trust pays the interest in cash on the Scotia BaTS III Series 2009-1 on each Interest Payment Date so as to avoid triggering the Dividend Stopper Undertaking.**

Deferral Right

On each Interest Payment Date in respect of which a Deferral Event has occurred (each a “Deferral Date”), holders of the Scotia BaTS III Series 2009-1 will be required to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares. A new series of Bank Deferral Preferred Shares will be issued in respect of each Deferral Event. The subscription amount of each Bank Deferral Preferred Share will be an amount equal to the face amount of the share, and the number of Bank Deferral Preferred Shares subscribed for on each Deferral Date (which may include fractional shares) will be calculated by dividing the portion of the interest payment on the Scotia BaTS III Series 2009-1 that has not been paid in cash on the applicable Deferral Date by the face amount of each Bank Deferral Preferred Share. A Deferral Event will occur in circumstances where: (i) the Bank has failed to declare cash dividends on all of the outstanding Bank Preferred Shares or, failing any Bank Preferred Shares being outstanding, on all of the outstanding Bank Common Shares (other than a failure to declare dividends on such shares during a Dividend Restricted Period), in accordance with the Bank’s ordinary dividend practice in effect from time to time, in each case in the last 90 days preceding the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date; or (ii) for whatever reason, interest is not paid in full in cash on the Scotia BaTS III Series 2009-1 on any Interest Payment Date (or the next following Business Day if the relevant Interest Payment Date is not a Business Day); or (iii) the Bank elects, at its sole option, prior to the commencement of the Interest Period ending on the day preceding the relevant Interest Payment Date, that holders of Scotia BaTS III Series 2009-1 invest interest paid on the Scotia BaTS III Series 2009-1 on the relevant Interest Payment Date in Bank Deferral Preferred Shares. There is no limit on the number of Deferral Events that may occur. For greater certainty, whether or not a Deferral Event has occurred in respect of a particular Interest Payment Date will be determined prior to the commencement of the Interest Period ending on the day immediately preceding such Interest Payment Date, except in the case of (ii) above, which will only be determined on the applicable Interest Payment Date but will be considered to have occurred on the day immediately preceding such Interest Payment Date.

The issuance of Bank Deferral Preferred Shares upon the occurrence of any Deferral Event will be effected pursuant to the Assignment and Set-Off Agreement, whereby: (i) the Bank assigns to the Trust all of its right, title and interest in the subscription proceeds (the “Deferral Event Subscription Proceeds”) payable to the Bank in connection with the Deferral Event Subscription (the “Deferral Event Subscription Proceeds Assignment”); (ii) the Trust agrees that on each Interest Payment Date that is a Deferral Date, the interest payable to the Trust by the Bank on such Interest Payment Date pursuant to the Series 2009-1 Bank Deposit Note shall have been satisfied to the extent of an amount equal to the aggregate Deferral Event Subscription Proceeds payable in connection with the Bank Deferral Preferred Shares issued on such Interest Payment Date pursuant to the Deferral Event Subscription Proceeds Assignment and the Bank shall only be required to pay cash to the Trust in an amount equal to the excess of the interest payable by the Bank pursuant to the Series 2009-1 Bank Deposit Note on such Interest Payment Date over the amount of such Deferral Event Subscription Proceeds; and (iii) the Indenture Trustee, on behalf of holders of Scotia BaTS III Series 2009-1, agrees that on each Interest Payment Date that is a Deferral Date, without any further action being required by the Bank, the Trust or holders of Scotia BaTS III Series 2009-1, the right of the holders of Scotia BaTS III Series 2009-1 to receive the portion of the interest thereon in respect of the relevant Interest Payment Date that has not been paid in cash will be set-off against their obligation to pay the cash subscription price for the Bank Deferral Preferred Shares to the Trust, as assignee, without any payment of cash by the Trust in respect of the interest or by the holders in respect of the subscription price. As a result, pursuant to the Assignment and Set-Off Agreement, a holder’s entitlement in the case of a Deferral Event on an Interest Payment Date is to the delivery of the Bank Deferral Preferred Shares.

In acting pursuant to the Assignment and Set-Off Agreement, the Indenture Trustee will act as bare trustee and nominee on behalf of holders of the Scotia BaTS III Series 2009-1, and the Bank. The Indenture Trustee will acquire and hold the Bank Deferral Preferred Shares for and on behalf of holders of the Scotia BaTS III Series 2009-1 as at the close of business on the relevant Deferral Date and not on its own behalf. Any Bank Deferral Preferred Shares shall be issued to and held by the Indenture Trustee for and on behalf of holders of Scotia BaTS III Series 2009-1 as at the close of business on the relevant Deferral Date with the result that the Indenture Trustee will never have any beneficial interest in the Bank Deferral Preferred Shares. The Indenture Trustee will hold the Bank Deferral Preferred Shares in escrow until the next following Interest Payment Date which is not also a Deferral Date (the “Release Date”). During this escrow period, beneficial owners of the Bank Deferral Preferred Shares will be entitled to exercise all rights as a beneficial shareholder of the Bank, other than the right to transfer such shares. On the Release Date, the Bank Deferral Preferred Shares will be released from escrow and will become freely tradable securities of the Bank.

If, following a Deferral Event but prior to the Release Date for any Bank Deferral Preferred Shares in escrow: (i) the Scotia BaTS III Series 2009-1 mature; (ii) a Loss Absorption Event occurs; or (iii) all of the outstanding Scotia BaTS III Series 2009-1 are redeemed (the date of any such event being the “Early Release Date”), the Bank Deferral Preferred Shares will be released from escrow on the Early Release Date rather than the Release Date.

Upon a Deferral Event, the Bank reserves the right not to issue Bank Deferral Preferred Shares to an Ineligible Person or to any person who would as a result of such delivery become a Significant Shareholder. In such circumstances, the Indenture Trustee will hold all Bank Deferral Preferred Shares that would otherwise be delivered to Ineligible Persons or any Significant Shareholder, as agent for Ineligible Persons and Significant Shareholders, and the Indenture Trustee will attempt to sell such Bank Deferral Preferred Shares (to parties other than the Bank and its affiliates) on behalf of such Ineligible Persons and Significant Shareholders. Such sales, if any, may be made at any time and any price. Neither the Bank nor the Indenture Trustee will be subject to any liability for failing to sell Bank Deferral Preferred Shares on behalf of any such Ineligible Persons or Significant Shareholders at any particular price on any particular day. The net proceeds received by the Indenture Trustee from the sale of any Bank Deferral Preferred Shares will be held in escrow by the Indenture Trustee until the Release Date or Early Release Date, as the case may be, and will be divided among the Ineligible Persons and Significant Shareholders in proportion to the number of Bank Deferral Preferred Shares that would otherwise have been deliverable to them, after deducting the costs of sale and any applicable withholding taxes. The Indenture Trustee will make payment of the aggregate net proceeds to CDS (if the Scotia BaTS III Series 2009-1 are then held in the book-entry only system) or to the registrar and transfer agent (in all other cases) for distribution to such Ineligible Persons and Significant Shareholders in accordance with the customary practice and procedures of CDS (“CDS Procedures”) or otherwise. See “The Bank – Limitations Affecting Holders of the Bank’s Shares”.

Automatic Exchange

The Scotia BaTS III Series 2009-1, including accrued and unpaid interest thereon, will be exchanged automatically (the “Automatic Exchange”), without the consent of the holders thereof, for newly issued Bank Preferred Shares Series R if: (i) an application for a winding-up order in respect of the Bank pursuant to the Winding-up and Restructuring Act (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent advises the Bank in writing that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; (iv) the Board of Directors advises the Superintendent in writing that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based Total Capital ratio of less than 8.0%; or (v) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or provide additional liquidity and the Bank elects to cause the Automatic Exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified therein (each, a “Loss Absorption Event”). The Bank will mail notice of the occurrence of the Loss Absorption Event to the Trustee within 10 days of such event. Following the Automatic Exchange, holders of Scotia BaTS III Series 2009-1 immediately prior to the Automatic Exchange will cease to have any claim or entitlement to interest or principal against the Trust or any other rights as Noteholders.

The Bank Preferred Shares Series R will pay fixed quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, at the Perpetual Preferred Share Rate on each quarterly dividend payment date, subject to any applicable withholding tax. See “Description of Bank Preferred Shares Series R and Bank Deferral Preferred Shares.”

The Automatic Exchange shall occur as of 8:00 a.m. (Eastern time) (the “Exchange Time”) on the date that a Loss Absorption Event occurs and will be effected pursuant to the terms of the Share Exchange Agreement. As of the Exchange Time, each holder of Scotia BaTS III Series 2009-1 shall be deemed to have exchanged and transferred to the Bank all of such holder’s right, title and interest in and to its Scotia BaTS III Series 2009-1 and shall cease to be a holder thereof and all rights of such holder as a securityholder of the Trust will cease and such person shall therefrom be deemed to be and shall be for all purposes a holder of Bank Preferred Shares Series R. On the exchange, holders of Scotia BaTS III Series 2009-1 will receive 40 Bank Preferred Shares Series R for each \$1,000 principal amount of Scotia BaTS III Series 2009-1 together with the number of Bank Preferred Shares Series R calculated by dividing the amount of

accrued and unpaid interest, if any, on the Scotia BaTS III Series 2009-1, by the face amount of the Bank Preferred Shares Series R.

If, for any reason, the Automatic Exchange does not result in the exchange of all Scotia BaTS III Series 2009-1 then outstanding for Bank Preferred Shares Series R, the Trust will redeem each \$1,000 principal amount of Scotia BaTS III Series 2009-1 not so exchanged for consideration consisting of 40 Bank Preferred Shares Series R together with the number of Bank Preferred Shares Series R calculated by dividing the amount of accrued and unpaid interest, if any, on the Scotia BaTS III Series 2009-1 from the immediately preceding Interest Payment Date to, but excluding, the date the Loss Absorption Event occurs, by the face amount of the Bank Preferred Shares Series R. Each holder of Scotia BaTS III Series 2009-1 so redeemed shall cease to be a holder thereof and all rights of such holder as a securityholder of the Trust will cease and such person shall therefrom be deemed to be and shall be for all purposes a holder of Bank Preferred Shares Series R unless payment in the form of Bank Preferred Shares Series R is not made. It shall not be necessary for the Trust, in such circumstances, to provide any prior written notice of redemption to holders of Scotia BaTS III Series 2009-1. The Trust will acquire the Bank Preferred Shares Series R required by it for purposes of such redemption, if any, from the Bank pursuant to the Subscription Right.

Upon an Automatic Exchange of the Scotia BaTS III Series 2009-1 for Bank Preferred Shares Series R, the Bank reserves the right not to issue Bank Preferred Shares Series R to Ineligible Persons or to persons who would as a result of the Automatic Exchange become Significant Shareholders. In such circumstances, the Trustee will hold all Bank Preferred Shares Series R that would otherwise be delivered to Ineligible Persons or any Significant Shareholder, as agent for Ineligible Persons and Significant Shareholders, and the Trustee will attempt to sell such Bank Preferred Shares Series R (to parties other than the Bank and its affiliates) on behalf of such Ineligible Persons and Significant Shareholders. Such sales, if any, may be made at any time and any price. Neither the Bank nor the Trustee will be subject to any liability for failing to sell Bank Preferred Shares Series R on behalf of any such Ineligible Persons or Significant Shareholders at any particular price on any particular day. The net proceeds received by the Trustee from the sale of any Bank Preferred Shares Series R will be divided among the Ineligible Persons and Significant Shareholders in proportion to the number of Bank Preferred Shares Series R that would otherwise have been deliverable to them, after deducting the costs of sale and any applicable withholding taxes. The Trustee will make payment of the aggregate net proceeds to CDS (if the Scotia BaTS III Series 2009-1 are then held in the book-entry only system) or to the registrar and transfer agent (in all other cases) for distribution to such Ineligible Persons and Significant Shareholders in accordance with CDS Procedures or otherwise. See “The Bank – Limitations Affecting Holders of the Bank’s Shares”.

If the Automatic Exchange were to occur and Bank Preferred Shares Series R were issued in exchange for Scotia BaTS III Series 2009-1 as a result thereof, the cost-effective nature of the consolidated capital raised by the Bank through the issuance of the Scotia BaTS III Series 2009-1 would be lost. Accordingly, it is in the interests of the Bank to ensure that an Automatic Exchange does not occur, although the events that could give rise to an Automatic Exchange, namely the occurrence of a Loss Absorption Event, may be beyond the Bank’s control.

Status as Tier 1 Capital

The Scotia BaTS III Series 2009-1 have been structured with the intention of achieving Tier 1 regulatory capital for purposes of the guidelines of the Superintendent and as such, have, in certain circumstances, features similar to those of equity securities. Application has been made to the Superintendent to confirm Tier 1 capital treatment for the Scotia BaTS III Series 2009-1. On each Interest Payment Date in respect of which a Deferral Event (which includes the failure by the Bank to declare cash dividends on Bank Preferred Shares or, if no Bank Preferred Shares are outstanding, on Bank Common Shares, in accordance with the Bank’s ordinary dividend practice) has occurred, holders of Scotia BaTS III Series 2009-1 will be required to invest interest paid thereon in a new series of Bank Preferred Shares. This investment will be effected by the Indenture Trustee subscribing for such shares for and on behalf of the holders of Scotia BaTS III Series 2009-1. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right”. In addition, upon the occurrence of a Loss Absorption Event, the Scotia BaTS III Series 2009-1 will be exchanged automatically for newly issued Bank Preferred Shares Series R. In such event, former holders of Scotia BaTS III Series 2009-1 would rank as preferred shareholders of the Bank in a liquidation of the Bank. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange.”

Trust Redemption Right

On or after June 30, 2014 the Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days' notice to the holders of the Scotia BaTS III Series 2009-1, redeem the Scotia BaTS III Series 2009-1, in whole or in part. The redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Canada Yield Price, and the redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 redeemed on any Interest Reset Date will be par, together in either case with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash.

Scotia BaTS III Series 2009-1 redeemed by the Trust shall be cancelled and shall not be reissued.

Redemption on Tax or Regulatory Event

The Trust may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days' notice to the holders of the Scotia BaTS III Series 2009-1, redeem all (but not less than all) of the Scotia BaTS III Series 2009-1 upon the occurrence of a Regulatory Event or a Tax Event. The redemption price per \$1,000 principal amount of Scotia BaTS III Series 2009-1 will be equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption, subject to any applicable withholding tax. The redemption price payable by the Trust will be paid in cash.

Purchase for Cancellation

On or after the date that is five years after the Closing Date, the Scotia BaTS III Series 2009-1 may be purchased, in whole or in part, by the Trust, at the direction of the Bank as holder of the Voting Trust Units and with the prior approval of the Superintendent, in the open market or by tender or private contract at any price. Scotia BaTS III Series 2009-1 purchased by the Trust shall be cancelled and shall not be reissued.

Subordination

The Scotia BaTS III Series 2009-1 will be direct unsecured obligations of the Trust, ranking at least equally with other subordinated indebtedness of the Trust from time to time issued and outstanding. In the event of the insolvency or winding-up of the Trust, the indebtedness evidenced by Scotia BaTS III Series 2009-1 issued by the Trust, will be subordinate in right of payment to the prior payment in full of all other liabilities of the Trust except liabilities which by their terms rank in right of payment equally with or subordinate to indebtedness evidenced by the Scotia BaTS III Series 2009-1.

The subordination provisions described herein are not likely to be relevant to holders of Scotia BaTS III Series 2009-1 in their capacity as creditors of the Trust since the Automatic Exchange provisions of the Scotia BaTS III Series 2009-1 will result in the Scotia BaTS III Series 2009-1 being exchanged for Bank Preferred Shares Series R effective as of the Exchange Time. See “- Automatic Exchange” and “Risk Factors”.

Events of Default

An event of default in respect of the Scotia BaTS III Series 2009-1 will occur only if the Trust or the Bank becomes insolvent or bankrupt or resolves to wind-up or liquidate or is ordered wound-up or liquidated. The event of default provisions of the Scotia BaTS III Series 2009-1 described herein are not likely to be relevant to holders of Scotia BaTS III Series 2009-1 in their capacity as creditors of the Trust since the Automatic Exchange provisions of the Scotia BaTS III Series 2009-1 will result in the Scotia BaTS III Series 2009-1 being exchanged for Bank Preferred Shares Series R effective as of the Exchange Time. See “- Automatic Exchange” and “Risk Factors”.

If an event of default has occurred and is continuing, and the Scotia BaTS III Series 2009-1 have not already been automatically exchanged for Bank Preferred Shares Series R, the Indenture Trustee may, in its discretion and shall upon the request of holders of not less than one-quarter of the principal amount of Scotia BaTS III Series 2009-1 then outstanding under the Trust Indenture, declare the principal of and interest on all outstanding Scotia BaTS III Series

2009-1 to be immediately due and payable. There will be no right of acceleration in the case of a default in the performance of any covenant of the Trust or the Bank in the Trust Indenture, although a legal action could be brought to enforce such covenant.

Rights on Termination of the Trust

As long as any Scotia BaTS III Series 2009-1 are outstanding and held by any person other than the Bank, the Trust may only be terminated with the approval of the holder of the Voting Trust Units and with the prior approval of the Superintendent (i) prior to June 30, 2014 upon the occurrence of a Tax Event or a Regulatory Event, or (ii) on June 30, 2014 or any Interest Payment Date thereafter, for any reason. The holders of Scotia BaTS III Series 2009-1 will not be entitled to initiate proceedings for the termination of the Trust.

So long as any Scotia BaTS III Series 2009-1 are outstanding and held by any person other than the Bank, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the redemption price of the Scotia BaTS III Series 2009-1.

Additional Bank Covenants

In addition to the Dividend Stopper Undertaking, the Bank will covenant for the benefit of the holders of Scotia BaTS III Series 2009-1, pursuant to the Share Exchange Agreement or the Assignment and Set-Off Agreement, as the case may be, that:

- (i) all of the outstanding Voting Trust Units will be held at all times, directly or indirectly, by the Bank;
- (ii) as long as any Scotia BaTS III Series 2009-1 are outstanding and held by persons other than the Bank, the Bank will not take any action to cause the termination of the Trust except as set forth under “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Rights on Termination of the Trust” and only with the prior approval of the Superintendent;
- (iii) the Bank will not create or issue any Bank Preferred Shares which, in the event of insolvency or winding-up of the Bank, would rank in right of payment in priority to the Bank Preferred Shares Series R or the Bank Deferral Preferred Shares;
- (iv) the Bank will not assign or otherwise transfer its obligations under the Share Exchange Agreement or the Assignment and Set-Off Agreement, except in the case of a merger, consolidation, amalgamation or reorganization or a sale of substantially all of the assets of the Bank;
- (v) if the Scotia BaTS III Series 2009-1 have not been exchanged for Bank Preferred Shares Series R pursuant to the Automatic Exchange, the Bank will not, without the approval of the holders of the Scotia BaTS III Series 2009-1, delete or vary any terms attaching to the Bank Preferred Shares Series R other than the terms which may be amended without the approval of the holders of the series; and
- (vi) prior to the issuance of any Bank Deferral Preferred Shares in respect of a Deferral Event, the Bank will not, without the approval of the holders of Scotia BaTS III Series 2009-1, delete or vary any terms attaching to the Bank Deferral Preferred Shares other than the terms which may be amended without the approval of the holders of each series thereof.

Issue of Bank Preferred Shares Series R and Bank Deferral Preferred Shares in Connection with Automatic Exchange and Deferral Event

All corporate action necessary for the Bank to issue Bank Preferred Shares Series R and Bank Deferral Preferred Shares pursuant to the terms of the Scotia BaTS III Series 2009-1 will be completed prior to the closing of the Offering. The issuance of Bank Preferred Shares Series R pursuant to certain of the terms of the Scotia BaTS III Series 2009-1 is subject to the prior approval of the Superintendent. An application for the foregoing approval has been filed by the Bank but such approval has not yet been received.

Share Exchange Agreement

On closing of the Offering, the Bank, the Trust and the Exchange Trustee, as trustee for the holders of the Scotia BaTS III Series 2009-1, will enter into the Share Exchange Agreement providing for the grant of certain rights and obligations relating to the Automatic Exchange. Pursuant to that agreement, the Bank will grant to the Exchange Trustee for the benefit of the holders of Scotia BaTS III Series 2009-1 the right to exchange Scotia BaTS III Series 2009-1 for Bank Preferred Shares Series R upon an Automatic Exchange and the Exchange Trustee on behalf of the holders of Scotia BaTS III Series 2009-1 will grant to the Bank the right to exchange Scotia BaTS III Series 2009-1 for Bank Preferred Shares Series R upon an Automatic Exchange. Pursuant to the Share Exchange Agreement, the Bank will covenant to take or refrain from taking certain actions so as to ensure that holders of Scotia BaTS III Series 2009-1 will receive the benefit of the Automatic Exchange, including obtaining the requisite approval of holders of the Scotia BaTS III Series 2009-1 to any amendment to the provisions of the Bank Preferred Shares Series R (other than any amendments relating to the Bank Preferred Shares as a class). See “– Additional Bank Covenants” above.

Assignment and Set-Off Agreement

On closing of the Offering, the Bank, the Trust and the Indenture Trustee, as bare trustee and nominee for and on behalf of the holders of Scotia BaTS III Series 2009-1, will enter into the Assignment and Set-Off Agreement providing for the Dividend Stopper Undertaking and the grant of certain rights and obligations relating to the Deferral Event Subscription. Pursuant to the Assignment and Set-Off Agreement, the Bank will covenant to take or refrain from taking certain actions so as to ensure that holders of Scotia BaTS III Series 2009-1 will receive the benefit of the Deferral Event Subscription, including obtaining the requisite approval of holders of Scotia BaTS III Series 2009-1 to any amendment to the provisions of the Bank Deferral Preferred Shares (other than any amendments relating to the Bank Preferred Shares as a class).

Capital Reorganizations and Amalgamations

If there is a capital reorganization, merger or amalgamation of the Bank or a comparable transaction affecting the Bank Preferred Shares Series R, the Share Exchange Agreement will provide that holders of Scotia BaTS III Series 2009-1 will be entitled to receive, pursuant to the Automatic Exchange provisions, after the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Preferred Shares Series R, the number of Bank Preferred Shares Series R or other securities or consideration of the Bank or of a corporation resulting, surviving or continuing from the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Preferred Shares Series R, that such holder would have received had its Scotia BaTS III Series 2009-1 been exchanged, pursuant to the Automatic Exchange, for Bank Preferred Shares Series R immediately prior to the record date of the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Preferred Shares Series R.

If there is a capital reorganization, merger or amalgamation of the Bank or a comparable transaction affecting the Bank Deferral Preferred Shares, the Assignment and Set-Off Agreement will provide that holders of Scotia BaTS III Series 2009-1 will be entitled to receive, upon a Deferral Event, after the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Deferral Preferred Shares, the number of Bank Deferral Preferred Shares or other securities or consideration of the Bank or of a corporation resulting, surviving or continuing from the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Deferral Preferred Shares, that such holder would have received had the Bank Deferral Preferred Shares been issued immediately prior to the record date of the capital reorganization, merger or amalgamation of the Bank or comparable transaction affecting the Bank Deferral Preferred Shares.

Issue of Additional Trust Securities

The Trust may, at any time and from time to time, issue additional Voting Trust Units or subordinated notes of any series without the authorization of holders of Scotia BaTS III Series 2009-1. The Trust will not issue any securities other than Voting Trust Units or subordinated notes. In the event that the Trust issues additional series of subordinated notes, the rights, privileges, restrictions and conditions attached to such additional series may vary materially from those of the Scotia BaTS III Series 2009-1. In such event, the right of the holders of Scotia BaTS III Series 2009-1 to receive interest or principal may rank *pari passu* with the rights of the holders of subordinated notes of such other series.

Book-Entry Only Form

Except as otherwise provided below, the Scotia BaTS III Series 2009-1 will be issued in “book entry only” form and must be purchased or transferred through Participants in the depository service of CDS. Participants include securities brokers and dealers, banks and trust companies. On the Closing Date, the Trust will cause a global certificate representing the Scotia BaTS III Series 2009-1 to be delivered to, and registered in the name of, CDS. Except as described below, no holder of Scotia BaTS III Series 2009-1 will be entitled to a certificate or other instrument from the Trust or CDS evidencing that holder’s ownership thereof, and no holder will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such holder. Each holder of Scotia BaTS III Series 2009-1 will receive a customer confirmation of purchase from the registered dealer from which the Scotia BaTS III Series 2009-1 are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order.

CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Scotia BaTS III Series 2009-1. If: (i) the book-entry only system ceases to exist; (ii) the Trust determines that CDS is no longer willing or able to discharge properly the responsibilities as depository with respect to the Scotia BaTS III Series 2009-1 and the Trust is unable to locate a qualified successor; or (iii) the Trust at its option elects, or is required by applicable law or the rules of any securities exchange, to withdraw the Scotia BaTS III Series 2009-1 from the book-entry only system, then physical certificates representing the Scotia BaTS III Series 2009-1 will be issued to holders thereof or their nominees.

None of the Bank, the Trustee, the Exchange Trustee or the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Scotia BaTS III Series 2009-1 held by CDS or the payments or deliveries relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Scotia BaTS III Series 2009-1; or (iii) any advice or representation made by or with respect to CDS relating to the rules governing CDS or any action to be taken by CDS or at the direction of Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS, and persons other than Participants having an interest in the Scotia BaTS III Series 2009-1 must look solely to Participants, for payments or deliveries made by or on behalf of the Trust or the Bank to CDS in respect of the Scotia BaTS III Series 2009-1.

Transfers

Transfers of ownership of the Scotia BaTS III Series 2009-1 will be effected only through records maintained by CDS for such Scotia BaTS III Series 2009-1 with respect to interests of Participants and on the records of Participants with respect to interests of persons other than Participants. Holders of Scotia BaTS III Series 2009-1 who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Scotia BaTS III Series 2009-1, may do so only through Participants. The ability of a holder to pledge Scotia BaTS III Series 2009-1 or otherwise take action with respect to such holder’s interest in Scotia BaTS III Series 2009-1 (other than through a Participant) may be limited due to the lack of a physical certificate. See “Risk Factors — Risks Related to the Scotia BaTS III Series 2009-1 — Liquidity of and Dealings in Scotia BaTS III Series 2009-1”.

Payments and Deliveries

As long as CDS is the registered owner of the Scotia BaTS III Series 2009-1, CDS will be considered the sole owner of the Scotia BaTS III Series 2009-1 for the purposes of receiving payments on the Scotia BaTS III Series 2009-1 or the delivery of Bank Preferred Shares Series R or Bank Deferral Preferred Shares upon the occurrence of an Automatic Exchange or Deferral Event, as applicable. Payments of interest in respect of Scotia BaTS III Series 2009-1 will be made by the Trust to CDS as the registered holder of the Scotia BaTS III Series 2009-1 and the Trust understands that such payments will be forwarded by CDS to Participants in accordance with CDS Procedures. Deliveries of Bank Preferred Shares Series R in respect of the exercise or operation of the Automatic Exchange or Bank Deferral Preferred Shares in connection with a Deferral Event in the limited circumstances described under “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange” and “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right” will be made by the Bank or the Trust, as the case may be, to CDS as the registered holder of the Scotia BaTS III Series 2009-1 and the Bank and the Trust understand that such shares will be forwarded by CDS to Participants in accordance with CDS Procedures. As long as the Scotia BaTS III Series 2009-1 are

held in the CDS book-entry only system, the responsibility and liability of the Trustee and/or the Bank in respect of the Scotia BaTS III Series 2009-1 is limited to making payment of any amount due on the Scotia BaTS III Series 2009-1 and/or making delivery of Bank Preferred Shares Series R or Bank Deferral Preferred Shares in respect thereof to CDS.

The Voting Trust Units

Pursuant to the Declaration of Trust, the Trust may issue an unlimited number of Voting Trust Units. The Bank will at all times own, directly or indirectly, all of the Voting Trust Units. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Voting Trust Units. This summary is qualified in its entirety by the provisions of the Declaration of Trust.

Voting Rights

The Declaration of Trust provides that a holder of Voting Trust Units is entitled to vote in respect of, among other things: (i) the termination of the Trust as set forth under “Description of the Trust Securities — The Scotia BaTS III Series 2009-1 — Rights on Termination of the Trust”; (ii) the removal and replacement of the Trustee; and (iii) the removal and replacement of the Administrative Agent.

Distributions

The Bank or affiliates of the Bank, as holders of the Voting Trust Units, shall be entitled to receive the net distributable funds on all Eligible Trust Assets, if any, of the Trust remaining after discharge of the obligations of the Trust to creditors, including the holders of the Scotia BaTS III Series 2009-1.

Redemption, Repurchase

The Trust, with the consent of the holder of the Voting Trust Units, may redeem all or part of the Voting Trust Units at any time but will not redeem all unless there are no Scotia BaTS III Series 2009-1 outstanding and held by any person other than the Bank. In addition, the Bank may require the Trust to repurchase at any time all, or from time to time part, of the Voting Trust Units but the Bank may not require the Trust to repurchase all of the Voting Trust Units unless there are no Scotia BaTS III Series 2009-1 outstanding and held by any person other than the Bank. Any such redemption or repurchase will require prior approval of the Superintendent.

Rights on Termination of the Trust

In the event of a termination of the Trust, after the discharge of the obligations of the Trust to creditors, the Bank and/or its affiliates, as holders of the Voting Trust Units, will be entitled to the remaining property of the Trust.

DESCRIPTION OF BANK PREFERRED SHARES SERIES R AND BANK DEFERRAL PREFERRED SHARES

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Bank Preferred Shares Series R and the Bank Deferral Preferred Shares (collectively, the “Bank Exchange and Deferral Preferred Shares. This summary is qualified in its entirety by the by-laws of the Bank and the actual terms and conditions of the Bank Preferred Shares Series R and Bank Deferral Preferred Shares, respectively.

Issue Price

The Bank Exchange and Deferral Preferred Shares will have an issue price of \$25 per share.

Dividends

Holders of Bank Exchange and Deferral Preferred Shares will be entitled to receive quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors and subject to the provisions of the Bank Act, equal to the Perpetual Preferred Share Rate, payable on each quarterly dividend payment date, subject to any

applicable withholding tax. If the Board of Directors does not declare the dividends, or any part thereof, on the Bank Exchange and Deferral Preferred Shares on or before the dividend payment date for a particular quarterly period, the rights of the holders of the Bank Exchange and Deferral Preferred Shares to receive such dividends, or any part thereof, for such quarterly period will be extinguished.

Redemption

The Bank Preferred Shares Series R will not be redeemable by the Bank on or prior to the date that is five years from the Closing Date. After that date, but subject to the provisions of the Bank Act and prior approval of the Superintendent and the provisions described below under “Restrictions on Dividends and Retirement of Shares”, the Bank may redeem at any time all, or from time to time any part, of the outstanding Bank Preferred Shares Series R, without the consent of the holders, by the payment of an amount in cash for each such share so redeemed equal to: (i) \$26.00 per share if redeemed on or prior to the sixth anniversary of the Closing Date; (ii) 25.75 per share if redeemed after the sixth anniversary of the Closing Date and on or prior to the seventh anniversary of the Closing Date; (iii) \$25.50 per share if redeemed after the seventh anniversary of the Closing Date and on or prior to the eighth anniversary of the Closing Date; (iv) \$25.25 per share if redeemed after the eighth anniversary of the Closing Date and on or prior to the ninth anniversary of the Closing Date; or (v) \$25.00 per share if redeemed after the ninth anniversary of the Closing Date, together with, in each case, any declared and unpaid dividends on the Bank Preferred Shares Series R to the date of the redemption, subject to any applicable withholding tax.

The Bank Deferral Preferred Shares will not be redeemable by the Bank on or prior to the date that is five years from the date of issuance of such shares. After that date, but subject to the provisions of the Bank Act and prior approval of the Superintendent and the provisions described below under “Restrictions on Dividends and Retirement of Shares”, the Bank may redeem at any time all, or from time to time any part, of the outstanding Bank Deferral Preferred Shares, without the consent of the holders, by the payment of an amount in cash for each such share so redeemed equal to: (i) \$26.00 per share if redeemed on or prior to the sixth anniversary of issuance; (ii) 25.75 per share if redeemed after the sixth anniversary of issuance and on or prior to the seventh anniversary of issuance; (iii) \$25.50 per share if redeemed after the seventh anniversary of issuance and on or prior to the eighth anniversary of issuance; (iv) \$25.25 per share if redeemed after the eighth anniversary of issuance and on or prior to the ninth anniversary of issuance; or (v) \$25.00 per share if redeemed after the ninth anniversary of issuance, together with, in each case, any declared and unpaid dividends on the Bank Deferral Preferred Shares to the date of the redemption, subject to any applicable withholding tax.

Written notice of any redemption will be given by the Bank at least 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding Bank Exchange and Deferral Preferred Shares, as applicable, are at any time to be redeemed, the shares to be redeemed will be selected *pro rata* or in such other manner as the Board of Directors may determine.

Presentation for Redemption or Sale

A redemption or sale to the Bank of Bank Exchange and Deferral Preferred Shares, as applicable, will be effected by the holder transferring such holder’s Bank Preferred Shares Series R and/or Bank Deferral Preferred Shares to be redeemed or sold, as the case may be, to the account of the Bank in CDS (or, in the event that the Bank Preferred Shares Series R and/or Bank Deferral Preferred Shares are not then issued in book-entry only form, by depositing with the transfer agent for the Bank Preferred Shares Series R and/or Bank Deferral Preferred Shares, at one of its principal offices, certificates representing such Bank Preferred Shares Series R and/or Bank Deferral Preferred Shares).

Purchase for Cancellation

On or after the date that is five years after the Closing Date in the case of the Bank Preferred Shares Series R, and on or after the date that is five years after the date of issuance of such shares in the case of the Bank Deferral Preferred Shares, but, in either case, subject to prior approval of the Superintendent and to the provisions described below under “— Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any Bank Preferred Share Series R or Bank Deferral Preferred Shares in the open market or by tender or private contract at any price. Any such shares purchased by the Bank shall be cancelled and shall not be reissued.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Bank Exchange and Deferral Preferred Shares shall be entitled to receive \$25 per share, together with the amount of declared and unpaid dividends to the date of payment, subject to any applicable withholding tax, before any amount shall be paid or any assets of the Bank distributed to the holders of Bank Common Shares or any shares ranking junior to the Bank Exchange and Deferral Preferred Shares. The holders of the Bank Exchange and Deferral Preferred Shares shall not be entitled to share in any further distribution of the property or assets of the Bank.

Restrictions on Dividends and Retirement of Shares

So long as any of the Bank Preferred Shares Series R or Bank Deferral Preferred Shares are outstanding, the Bank will not, without the approval of the holders of the Bank Preferred Shares Series R or Bank Deferral Preferred Shares, as applicable, given as specified below:

- (a) declare any dividend on the Bank Common Shares or any other shares ranking junior to the Bank Exchange and Deferral Preferred Shares (other than stock dividends on shares ranking junior to the Bank Exchange and Deferral Preferred Shares); or
- (b) redeem, purchase or otherwise retire any Bank Common Shares or any other shares ranking junior to the Bank Exchange and Deferral Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Bank Exchange and Deferral Preferred Shares); or
- (c) redeem, purchase or otherwise retire: (i) less than all the Bank Exchange and Deferral Preferred Shares; or (ii) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Bank, any other shares ranking on a parity with the Bank Exchange and Deferral Preferred Shares;

unless, in each case, all dividends on the Bank Exchange and Deferral Preferred Shares, up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or on a parity with the Bank Exchange and Deferral Preferred Shares, have been declared and paid or set apart for payment.

Issue of Additional Series of Bank Preferred Shares

The Bank may issue other series of Bank Preferred Shares without the authorization of the holders of the Bank Exchange and Deferral Preferred Shares, as applicable.

Shareholder Approvals

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Bank Exchange and Deferral Preferred Shares, respectively, may be given by a resolution carried by the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of holders of Bank Preferred Shares Series R or Bank Deferral Preferred Shares, as applicable, at which a majority of the outstanding Bank Preferred Shares Series R or Bank Deferral Preferred Shares, as applicable, is represented or, if no quorum is present at such meeting, at a meeting following such adjourned meeting at which no quorum requirement would apply. Pursuant to the Share Exchange Agreement and the Assignment and Set-Off Agreement, the Bank will covenant that for so long as the Scotia BaTS III Series 2009-1 are outstanding no amendment will be made to the rights, privileges, restrictions and conditions of the Bank Preferred Shares Series R and the Bank Deferral Preferred Shares, respectively, (other than any amendments relating to the Bank Preferred Shares as a class) without the prior approval of 66 2/3% of the holders of the Scotia BaTS III Series 2009-1. In addition to the aforementioned approval, the Bank may from time to time with the approval of the Superintendent, make such deletion or variation which might affect the classification afforded to the Bank Preferred Shares Series R and/or Bank Deferral Preferred Shares for capital adequacy requirements pursuant to the Bank Act.

Voting Rights

The holders of the Bank Exchange and Deferral Preferred Shares, as applicable, will not be entitled to receive notice of or to attend or to vote at any meeting of the shareholders of the Bank unless and until the first time at which the rights of such holders to any undeclared dividends have become extinguished as described under “— Restrictions on Dividends and Retirement of Shares”. In that event, the holders of the Bank Exchange and Deferral Preferred Shares, as applicable, will be entitled to receive notice of, and to attend, all meetings of shareholders at which directors are to be elected and will be entitled to one vote for each share held. The voting rights of the holders of the Bank Preferred Shares Series R and Bank Deferral Preferred Shares shall forthwith cease upon payment by the Bank of the first dividend on the Bank Preferred Shares Series R and Bank Deferral Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Bank Exchange and Deferral Preferred Shares have again become extinguished, such voting rights shall become effective again and so on from time to time.

Tax Election

The Bank Preferred Shares Series R and Bank Deferral Preferred Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Bank Exchange and Deferral Preferred Shares will require the Bank to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Bank Exchange and Deferral Preferred Shares. See “Canadian Federal Income Tax Considerations”.

Book-Entry Only Form

Unless the Bank elects otherwise, the Bank Preferred Shares Series R and Bank Deferral Preferred Shares will be issued in “book-entry only” form and, subject to the limitations applicable to the Bank Deferral Preferred Shares described under “Description of the Trust Securities – Deferral Right”, may be purchased, held and transferred in substantially the same manner as the Scotia BaTS III Series 2009-1. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Book-Entry Only Form”.

DESCRIPTION OF THE SERIES 2009-1 BANK DEPOSIT NOTE

The following is a summary of the terms and conditions attaching to the Series 2009-1 Bank Deposit Note. This summary is qualified in its entirety by the terms of the Series 2009-1 Bank Deposit Note.

Interest and Maturity

The Series 2009-1 Bank Deposit Note will have a maturity date of June 30, 2108. From the Closing Date until June 30, 2108 the Bank will pay interest on the Series 2009-1 Bank Deposit Note in equal (subject to the reset of the interest rate) semi-annual instalments on June 30 and December 31 of each year, with the first payment on June 30, 2009. Notwithstanding the foregoing, assuming the Series 2009-1 Bank Deposit Note is issued on May 7, 2009, the first interest payment on the Series 2009-1 Bank Deposit Note on June 30, 2009 will be in the amount of \$11.58 per \$1,000 principal amount of the Series 2009-1 Bank Deposit Note. From the date of issue to, but excluding, June 30, 2019 the interest rate on the Series 2009-1 Bank Deposit Note will be fixed at 7.83% per annum. Starting on June 30, 2019 and on every Interest Reset Date, the interest rate on the Series 2009-1 Bank Deposit Note will be reset at an interest rate per annum equal to the Government of Canada Yield (as defined herein) plus 7.10%.

In addition to the Series 2009-1 Bank Deposit Note, the Trust may acquire other Eligible Assets from time to time including, without limitation, an interest bearing deposit note from the Bank (the “Funding Note”). The proceeds from the subscription by the Bank for Voting Trust Units of \$5,000,000 pursuant to an agreement between the Bank and the Trust (the “Subscription Agreement”) will be used by the Trust to pay its expenses of the Offering. To the extent there is a funding shortfall, the Trust will borrow the necessary amount from the Bank under the Credit Facility or the Bank will issue a new senior deposit note to replace the existing Series 2009-1 Bank Deposit Note.

Redemption at the Option of the Bank

On or after June 30, 2014 the Bank may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days' notice to the holder of the Series 2009-1 Bank Deposit Note, redeem the Series 2009-1 Bank Deposit Note, in whole or in part.

The redemption price per \$1,000 principal amount of the Series 2009-1 Bank Deposit Note redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Series 2009-1 Bank Deposit Note Canada Yield Price, and the redemption price per \$1,000 principal amount of the Series 2009-1 Bank Deposit Note redeemed on any Interest Reset Date will be par, together in either case with accrued and unpaid interest to but excluding the date fixed for redemption. The redemption price payable by the Bank in each instance will be paid in cash.

If the Bank has redeemed the Series 2009-1 Bank Deposit Note, in whole or in part, the Trust will be required to redeem a corresponding principal amount of Scotia BaTS III Series 2009-1. It is the intention of the Trust to use the proceeds of redemption received in respect of the Series 2009-1 Bank Deposit Note to make payment to the holders of the Scotia BaTS III Series 2009-1 to be redeemed, as required.

Redemption on Tax or Regulatory Event

The Bank may, at its option, with the prior approval of the Superintendent, on giving not more than 60 nor less than 30 days' notice to the holder of the Series 2009-1 Bank Deposit Note, redeem all (but not less than all) of the Series 2009-1 Bank Deposit Note upon the occurrence of a Regulatory Event or a Tax Event. The redemption price per \$1,000 principal amount of the Series 2009-1 Bank Deposit Note will be equal to par, together with accrued and unpaid interest to but excluding the date fixed for redemption. The redemption price payable by the Bank will be paid in cash.

Events of Default

An event of default in respect of the Series 2009-1 Bank Deposit Note will occur only if the Bank becomes insolvent or bankrupt or resolves to wind-up or liquidate or is ordered wound-up or liquidated. The event of default provisions of the Series 2009-1 Bank Deposit Note described herein are not likely to be relevant to holders of Scotia BaTS III Series 2009-1 since the Automatic Exchange provisions of the Scotia BaTS III Series 2009-1 will result in the Scotia BaTS III Series 2009-1 being exchanged for Bank Preferred Shares Series R effective as of the Exchange Time. Failure by the Bank to make payments or to satisfy its other obligations under the Series 2009-1 Bank Deposit Note will not entitle the Trust to accelerate the Series 2009-1 Bank Deposit Note.

Priority of the Series 2009-1 Bank Deposit Note

The Series 2009-1 Bank Deposit Note will rank on a parity with all other deposit and unsubordinated liabilities of the Bank. Upon any distribution of assets of the Bank to creditors upon any dissolution, winding-up, liquidation, reorganization, bankruptcy or insolvency, all principal and accrued interest due on the Series 2009-1 Bank Deposit Note must be paid in full before holders of junior or subordinated debentures are entitled to receive any payment. If a liquidation, dissolution or winding-up of the Bank occurs, the Series 2009-1 Bank Deposit Note will rank in priority to any shares and subordinated indebtedness of the Bank with respect to payments and the distribution of assets.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Bank and the Trust, and Torys LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Scotia BaTS III Series 2009-1 who acquires Scotia BaTS III Series 2009-1 under the Offering and who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, deals at arm's length with and is not affiliated with the Bank and the Trust, holds the Scotia BaTS III Series 2009-1, any Bank Preferred Shares Series R and any Bank Deferral Preferred Shares as capital property and is not exempt from tax under Part I of the Tax Act. Generally, the Scotia BaTS III Series 2009-1, Bank Preferred Shares Series R and Bank Deferral Preferred Shares will be considered to constitute capital property to a holder provided that the holder does not hold the Scotia BaTS III Series 2009-1, Bank Preferred Shares Series R or Bank Deferral Preferred Shares in the course of

carrying on a business of trading or dealing in securities or otherwise as part of a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Scotia BaTS III Series 2009-1, Bank Preferred Shares Series R or Bank Deferral Preferred Shares as capital property may, in certain circumstances, be entitled to have the Scotia BaTS III Series 2009-1, Bank Preferred Shares Series R or Bank Deferral Preferred Shares and other “Canadian securities” as defined in the Tax Act treated as capital property by making the irrevocable election permitted under subsection 39(4) of the Tax Act.

This summary is not applicable to a purchaser an interest in which is a “tax shelter investment”, as defined in the Tax Act, to a purchaser who has elected to determine its Canadian tax results in a “functional currency” (which does not include Canadian currency), as defined in the Tax Act, or to a purchaser who is a “financial institution” for purposes of certain rules applicable to securities held by financial institutions (referred to as the “mark-to-market” rules), as defined in the Tax Act. Such purchasers should consult their own tax advisors. Furthermore, the part of this summary dealing with the Bank Preferred Shares Series R and Bank Deferral Preferred Shares does not apply to a “specified financial institution” (as defined in the Tax Act) that receives (or is deemed to receive), alone or together with persons with whom it does not deal at arm’s length, in the aggregate dividends in respect of more than 10% of the Bank Preferred Shares Series R or Bank Deferral Preferred Shares outstanding at the time a dividend is received. This summary also assumes that all issued and outstanding Bank Preferred Shares Series R and Bank Deferral Preferred Shares are listed on a designated stock exchange in Canada (as defined in the Tax Act) at such time as dividends (including deemed dividends) are paid or received on such shares.

This summary is based upon the current provisions of the Tax Act and the regulations issued thereunder in force as of the date hereof and all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”) and takes into account an advance income tax ruling issued by the Canada Revenue Agency (the “CRA”) in respect of Scotia BaTS III Series 2009-1 and counsel’s understanding of the administrative policies and assessing practices of the CRA published in writing by the CRA prior to the date hereof. This summary is not exhaustive of all Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or CRA administrative policies and assessing practices, whether by way of legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal tax considerations or any provincial, territorial or foreign tax considerations, which may differ materially from those discussed herein. While this summary assumes that the Tax Proposals will be enacted in the form proposed, no assurance can be given that this will be the case.

This summary is of a general nature only and is not, and is not intended to be, and should not be construed to be, legal or tax advice to any particular holder and no representation with respect to the income tax consequences to any particular holder is made. Prospective purchasers of Scotia BaTS III Series 2009-1 should consult their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of Scotia BaTS III Series 2009-1 having regard to their own particular circumstances.

Scotia BaTS III Series 2009-1

Interest on the Scotia BaTS III Series 2009-1

A holder of a Scotia BaTS III Series 2009-1 that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest or amount that is considered for the purposes of the Tax Act to be interest on the Scotia BaTS III Series 2009-1 that accrued to it to the end of the year or became receivable or was received by it before the end of the year, to the extent that the interest (or amount considered to be interest) was not included in computing its income for a preceding taxation year.

A holder of a Scotia BaTS III Series 2009-1 (other than a holder referred to in the previous paragraph) will be required to include in computing the holder’s income for a taxation year any amount received or receivable (depending upon the method regularly followed by the holder in computing income) by the holder as interest or considered to be interest in the year on the Scotia BaTS III Series 2009-1, to the extent that such amount was not included in computing the holder’s income for a preceding taxation year.

For purposes of the foregoing, any interest paid includes interest that is required to be invested in Bank Deferral Preferred Shares. The cost of any Bank Deferral Preferred Shares acquired on the investment of interest paid on the Scotia BaTS III Series 2009-1 in such shares as a result of a Deferral Event will be the subscription amount of each such share.

Dispositions

On a disposition or deemed disposition of a Scotia BaTS III Series 2009-1, including a purchase or redemption by the Trust, an Automatic Exchange, or a repayment by the Trust upon maturity, a holder will generally be required to include in computing its income for the taxation year in which the disposition occurred the amount of interest (including amounts considered to be interest) that has accrued on the Scotia BaTS III Series 2009-1 to the date of disposition to the extent that such amount has not otherwise been included in computing the holder's income for the year in which the disposition occurred or a preceding taxation year. In addition, any premium paid by the Trust to a holder on the redemption of a Scotia BaTS III Series 2009-1 will be deemed to be received by such holder as interest on the Scotia BaTS III Series 2009-1 and will be required to be included in computing the holder's income, as described above, at the time of the redemption to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that, but for the redemption, would have been paid or payable by the Trust on the Scotia BaTS III Series 2009-1 for a taxation year ending after the redemption and to the extent not otherwise included in computing the holder's income for that taxation year or a previous taxation year.

In general, on a disposition or deemed disposition of a Scotia BaTS III Series 2009-1, a holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount included in the holder's income as interest and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Scotia BaTS III Series 2009-1 to the holder immediately before the disposition or deemed disposition. On an Automatic Exchange, the proceeds of disposition will be the fair market value of the Bank Preferred Shares Series R received on such exchange except to the extent a portion of such shares are, or are deemed to be, received in respect of interest on the Scotia BaTS III Series 2009-1 and the cost of the Bank Preferred Shares Series R received on such exchange will be the fair market value of each such share. In general, where a holder has disposed of a Scotia BaTS III Series 2009-1 at fair market value, there may be deducted in computing the holder's income the amount of accrued interest included in the holder's income to the extent such amount was not received or receivable by the holder in the year of disposition or a previous year.

Automatic Exchange and Deferral Event Subscription

The Bank and the Exchange Trustee have been advised by Scotia Capital Inc. that the value to holders of the rights under each of the Assignment and Set-Off Agreement and Share Exchange Agreement, including the Automatic Exchange and the Deferral Event Subscription, is nominal and, therefore, the Bank is of the view that no amount should be allocated to such rights. However, this determination is not binding on the CRA.

Bank Exchange and Deferral Preferred Shares

Dividends

Dividends (including deemed dividends) received on the Bank Exchange and Deferral Preferred Shares by an individual (other than certain trusts) will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rates applicable to any dividends designated by the Bank as eligible dividends in accordance with the provisions of the Tax Act. Dividends (including deemed dividends) on the Bank Exchange and Deferral Preferred Shares received by a corporation will be included in computing its income and generally will be deductible in computing its taxable income.

The Bank Exchange and Deferral Preferred Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Bank Exchange and Deferral Preferred Shares. The terms of the Bank Exchange and Deferral Preferred Shares require the Bank to make an

election under Part VI.1 of the Tax Act so that corporate holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Bank Exchange and Deferral Preferred Shares.

A “private corporation”, as defined in the Tax Act, or any other corporation controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Bank Exchange and Deferral Preferred Shares to the extent such dividends are deductible in computing its taxable income.

Dispositions

A holder of Bank Exchange or Deferral Preferred Shares who disposes of or is deemed to dispose of Bank Exchange or Deferral Preferred Shares (including on a redemption for cash or other acquisition by the Bank), will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the holder thereof immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption or acquisition by the Bank of the Bank Exchange or Deferral Preferred Shares (described below) generally will not be included in computing a holder’s proceeds of disposition for purposes of computing the capital gain or loss arising on the disposition of such shares. If the holder is a corporation, any capital loss realized on a disposition or deemed disposition of Bank Exchange or Deferral Preferred Shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Redemption or Acquisition by the Bank

If the Bank redeems for cash or otherwise acquires the Bank Exchange or Deferral Preferred Shares, other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market, the holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank, in excess of the paid-up capital of such shares at such time. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Taxation of Capital Gains and Capital Losses

Generally, a holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “taxable capital gain”). Subject to and in accordance with the provisions of the Tax Act, a holder is required to deduct one half of the amount of any capital loss (an “allowable capital loss”) realized in a taxation year from taxable capital gains realized by the holder in the year and allowable capital losses in the taxation year in excess of taxable capital gains in the taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years. Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

Additional Refundable Tax

A holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income including amounts in respect of income from property and taxable capital gains.

PLAN OF DISTRIBUTION

Pursuant to an agreement (the “Underwriting Agreement”) dated April 30, 2009 between the Trust, the Bank and Scotia Capital Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., CIBC World Markets Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., Desjardins Securities Inc., Laurentian Bank Securities Inc. and Manulife Securities Incorporated (collectively, the “Underwriters”), the Trust has agreed to sell, and

the Underwriters have agreed to purchase, on May 7, 2009 or on such other date not later than May 29, 2009 as may be agreed upon all but not less than all of the \$650,000,000 principal amount of Scotia BaTS III Series 2009-1 at a price of \$1,000 per \$1,000 principal amount of Scotia BaTS III Series 2009-1, subject to the terms and conditions set forth therein. The Trust has agreed to pay to the Underwriters a fee per \$1,000 principal amount of Scotia BaTS III Series 2009-1 equal to \$10 with respect to Scotia BaTS III Series 2009-1 sold for an aggregate Underwriters' fee of \$6,500,000.

The Underwriting Agreement provides that in the event an Underwriter fails to purchase the Scotia BaTS III Series 2009-1 that it has severally agreed to purchase under the Underwriting Agreement, the other Underwriters shall be severally obligated to purchase those Scotia BaTS III Series 2009-1 in accordance with their respective percentages provided that if the percentage of the total number of Scotia BaTS III Series 2009-1 in respect of which such failure occurs exceeds a certain level, the other Underwriters shall have the right but not the obligation to purchase severally those Scotia BaTS III Series 2009-1.

The Underwriting Agreement also provides that the Underwriters may, at their discretion, terminate their obligations thereunder upon the occurrence of certain stated events. The Underwriters have agreed, subject to the terms and conditions set forth in the Underwriting Agreement, to purchase all of the Scotia BaTS III Series 2009-1 to be purchased by them if any of the Scotia BaTS III Series 2009-1 being sold pursuant to the Underwriting Agreement are purchased.

The Offering is being made concurrently in all provinces and territories of Canada. The Scotia BaTS III Series 2009-1 have not been, and will not be, registered under the 1933 Act or any state securities laws. The Underwriters have agreed not to offer for sale or sell the Scotia BaTS III Series 2009-1 in the United States or to any U.S. Person.

Scotia Capital Inc., one of the Underwriters, is a wholly-owned subsidiary of the Bank. As a result, each of the Bank and the Trust is a related and connected issuer of Scotia Capital Inc. The terms of the Offering were negotiated at arm's length between the Bank, the Trust and the Underwriters. Scotia Capital Inc. will not receive any benefit in connection with the Offering other than as described herein. BMO Nesbitt Burns Inc., one of the underwriters in respect of which the Trust and the Bank are not related or connected issuers, participated in the due diligence, pricing and structuring of the Offering as well as in the preparation of this prospectus.

The Underwriters may not, throughout the period of distribution under this prospectus, bid for or purchase Scotia BaTS III Series 2009-1. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. Pursuant to the first mentioned exception, in connection with this Offering and subject to applicable law, the Underwriters may effect the transactions which stabilize or maintain the market price of such securities at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

RATINGS

The Scotia BaTS III Series 2009-1 are provisionally rated A (high) Under Review with Negative Implications by DBRS, P-1 (low) on its Canadian preferred share rating scale and "A" on its global preferred share rating scale by S&P and Aa3 by Moody's. Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor.

The "A" rating assigned to the Scotia BaTS III Series 2009-1 is the third highest rating of DBRS's nine rating categories, which range from AAA to C. DBRS places ratings "Under Review" for a variety of reasons. A rating that is "Under Review" acts as a signal indicating that the rating may no longer be appropriate. The Bank has been advised that, in the opinion of DBRS, the A (high) rating may no longer be appropriate due to a change in the methodology for the industry. The "Aa3" rating is the third highest of nine categories of rating, which range from Aaa to C, available from Moody's for debt generally. "P-1" is the third highest of the eighteen categories used by S&P in its Canadian

national preferred share rating scale and an “A” rating by S&P is the third highest of the ten rating categories, which range from AAA to D used by S&P in its global scale. DBRS uses “high” and “low” designations, Moody’s uses “1”, “2” and “3” modifiers, in each case to indicate the relative standing of the securities being rated within a particular rating category and S&P uses the “High”, “Mid” and “Low” designations for its Canadian national preferred share scale and the + or – designations for its global scale. Prospective purchasers of the Scotia BaTS III Series 2009-1 should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings.

The credit ratings assigned to the Scotia BaTS III Series 2009-1 are not recommendations to purchase, hold or sell the Scotia BaTS III Series 2009-1. The credit ratings do not address market price or suitability for a particular investor. The credit ratings assigned to the Scotia BaTS III Series 2009-1 may not reflect the potential impact of all risks on the value of the Scotia BaTS III Series 2009-1. In addition, real or anticipated changes in the credit assigned to the Scotia BaTS III Series 2009-1 will generally affect the market value of the Scotia BaTS III Series 2009-1. There can be no assurances that these ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely in the future by DBRS, Moody’s or S&P if in their judgment circumstances so warrant.

USE OF PROCEEDS

The gross proceeds to the Trust from the Offering of \$650,000,000 will be used to acquire the Series 2009-1 Bank Deposit Note from the Bank. The Bank, in turn, intends to use the proceeds from the issue of the Series 2009-1 Bank Deposit Note for general corporate purposes. The Bank expects that the proceeds from the sale of the Scotia BaTS III Series 2009-1 will be included as Tier 1 Capital of the Bank.

MATERIAL CONTRACTS

The material contracts to be entered into by the Trust and/or the Bank in connection with the Offering are as follows:

1. the Trust Indenture described under “Description of the Trust Securities – Scotia BaTS III Series 2009-1”;
2. the Administration Agreement described under “The Trust — The Administrative Agent”;
3. the Declaration of Trust described under “The Trust”;
4. the Deposit Note Purchase Agreement and the Funding Note Purchase Agreement described under “The Trust - Activities of the Trust”;
5. the Share Exchange Agreement described under “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Share Exchange Agreement”;
6. the Assignment and Set-Off Agreement described under “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Assignment and Set-Off Agreement”;
7. the Credit Facility described under “The Trust — Liquidity”;
8. the Subscription Agreement described under “Description of the Series 2009-1 Bank Deposit Note — Interest and Maturity”; and
9. the Underwriting Agreement described under “Plan of Distribution”.

RISK FACTORS

Prospective investors should carefully consider the risks described below before deciding whether to invest in Scotia BaTS III Series 2009-1. Investors should also carefully consider any risks that may be described in other filings the Bank makes with securities or banking regulators including, without limitation, the Bank’s 2008 Management’s

Discussion and Analysis incorporated by reference in this prospectus. These analyses discuss, among other things, certain known material trends and events, and risks or uncertainties that have had a material effect on, and may reasonably be expected to have a material effect on, the Bank's business, financial condition or results of operations, including legislative or regulatory developments, competition, technological change, global capital market activity, interest rates, inflation and general economic conditions in geographic areas where the Bank operates.

Risks Related to the Scotia BaTS III Series 2009-1

Dependence on Performance and Capital Levels of the Bank

The purchase of Scotia BaTS III Series 2009-1 involves risk with respect to the performance and capital levels of the Bank. An investment in Scotia BaTS III Series 2009-1 could be replaced in certain circumstances without the consent of the holder, by an investment in Bank Preferred Shares Series R and holders may in certain circumstances be required to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares. An investment in the Bank is subject to certain risks that are distinct from the risks associated with an investment in the Trust including the general risks inherent in equity investments in depository institutions.

In the event of decline in the performance and capital levels of the Bank or the Bank becoming insolvent or bankrupt or resolving to wind-up or liquidate or being ordered wound-up or liquidated or the occurrence of any other event constituting a Loss Absorption Event, the Scotia BaTS III Series 2009-1 will be automatically exchanged for Bank Preferred Shares Series R, without the consent of the holders thereof, which shares would be an investment in the Bank and not in the Trust. As a result, holders of Scotia BaTS III Series 2009-1 could become shareholders of the Bank at a time when the Bank's financial condition is deteriorating or when the Bank has become insolvent or bankrupt or resolved to wind-up or has been ordered wound-up or liquidated or upon the occurrence of any other event constituting a Loss Absorption Event. If there is a Deferral Event, holders of Scotia BaTS III Series 2009-1 will be paid interest on the applicable Deferral Date but will not receive cash as such holders will be required to invest interest paid on the Scotia BaTS III Series 2009-1 in Bank Deferral Preferred Shares. In the event of a liquidation of the Bank, the claims of depositors and creditors of the Bank would be entitled to a priority of payment over the claims of holders of equity interests such as the Bank Preferred Shares Series R and Bank Deferral Preferred Shares.

If the Bank were to become insolvent or bankrupt or resolved to wind-up or was ordered wound-up or liquidated after the Automatic Exchange or if the Automatic Exchange were to occur after the insolvency of the Bank, the holders of the Bank Preferred Shares Series R may receive, if anything, substantially less than the holders of the Scotia BaTS III Series 2009-1 would have received had the Scotia BaTS III Series 2009-1 not been exchanged for Bank Preferred Shares Series R. In the event of the occurrence of the Automatic Exchange, with the result that the holder of a Scotia BaTS III Series 2009-1 receives Bank Preferred Shares Series R in exchange for such Scotia BaTS III Series 2009-1, such holder shall thereupon cease to have any direct claim or entitlement with respect to the assets of the Trust and the only claim or entitlement of such holder will be in its capacity as a shareholder of the Bank. Potential investors in the Scotia BaTS III Series 2009-1 should carefully consider the description of the Bank set forth under "The Bank". See also "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange".

Restrictions on Ownership of Bank Shares

Under the Bank Act, no person, or persons acting jointly or in concert, is permitted to have a significant interest in the Bank. See "The Bank — Limitations Affecting Holders of Bank Shares". Accordingly, certain holders of Scotia BaTS III Series 2009-1 who are to acquire Bank Preferred Shares Series R upon the occurrence of an Automatic Exchange or Bank Deferral Preferred Shares upon the occurrence of a Deferral Event, may have some or all of such shares disposed of on their behalf pursuant to the procedures referred to under "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Automatic Exchange" and "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right".

Liquidity of and Dealings in Scotia BaTS III Series 2009-1

While the Scotia BaTS III Series 2009-1 will be eligible for resale, it is not expected that they will be listed on any stock exchange. There can be no assurance that an active trading market will develop or be sustained or that the

Scotia BaTS III Series 2009-1 may be resold at or above the initial public offering price. The ability of a holder to pledge Scotia BaTS III Series 2009-1 or otherwise take action with respect to such holder's interest in Scotia BaTS III Series 2009-1 (other than through a Participant) may be limited due to the lack of a physical certificate.

Dependence Upon the Bank and its Affiliates and Potential Conflicts of Interest

The Trust will be dependent on the diligence and skill of the employees of the Bank, as Administrative Agent. In addition, potential conflicts of interest may arise between the Trust and the Bank and its affiliates. See "The Trust — Activities of the Trust" and "Interests of the Bank and its Affiliates in Material Transactions". The Administrative Agent may also delegate or subcontract all or a portion of its obligations under the Administration Agreement to one or more affiliates, and under certain conditions to non-affiliates, involved in the business of managing assets such as the Trust Assets. In the event that the Administrative Agent delegates or subcontracts its obligations in such a manner, the Trust will be dependent upon the subcontractor to provide services. See "The Trust — The Administrative Agent".

No Limit on Debt

Although the Trust will not issue any additional securities other than Voting Trust Units or subordinated indebtedness, the Trust Indenture does not contain any provision limiting the Trust's ability to incur indebtedness generally. Any such indebtedness would rank in priority to the Scotia BaTS III Series 2009-1.

Early Redemption

Upon the occurrence of a Tax Event or a Regulatory Event, the Bank may, with the prior approval of the Superintendent, redeem all (but not less than all) of the Scotia BaTS III Series 2009-1 at a redemption price equal to par plus accrued and unpaid interest to the date fixed for redemption. This redemption right may, depending on prevailing market conditions at the time, create reinvestment risk for holders of Scotia BaTS III Series 2009-1 in that they may be unable to find a suitable replacement investment with a comparable return to the Scotia BaTS III Series 2009-1.

Interest in Respect of Deferral Events

Holders of Scotia BaTS III Series 2009-1 will be required to invest interest paid thereon in Bank Deferral Preferred Shares on each Interest Payment Date in respect of which a Deferral Event has occurred. This interest will be required to be included in such holder's income. See "Canadian Federal Income Tax Considerations — Scotia BaTS III Series 2009-1 — Interest on the Scotia BaTS III Series 2009-1".

The Bank has covenanted that, if a distribution is not paid when due on any outstanding Scotiabank Trust Securities (also known as "Scotia BaTS") issued by BNS Capital Trust or Scotiabank Capital Trust, the Bank will not pay dividends on its "Dividend Restricted Shares", which would include the Bank Preferred Shares Series R and Bank Deferral Preferred Shares, until the twelfth month following the failure to pay the required distribution in full, unless the required distribution is paid to the holders of such Scotia BaTS. If this were to occur, it would trigger a Deferral Event and holders of Scotia BaTS III Series 2009-1 would be required to invest interest thereon in Bank Deferral Preferred Shares as described under "Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right".

Ratings

Real or anticipated changes in the credit ratings on the Scotia BaTS III Series 2009-1 may affect the market value thereof. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operation.

Interest Rate Risk

Prevailing yields on similar securities will affect the market value of the Scotia BaTS III Series 2009-1. Assuming all other factors remain unchanged, the market value of the Scotia BaTS III Series 2009-1 will decline as prevailing yields for similar securities rise. The interest rate on the Scotia BaTS III Series 2009-1 will be reset on

June 30, 2019 and on every fifth anniversary of such date. The new interest rate is unlikely to be the same as, and may be lower than, the interest rate for the preceding period.

Risks Related to an Investment in Bank Preferred Shares Series R or Bank Deferral Preferred Shares

Dividend Restrictions

As indicated above, the Bank has covenanted that, if a distribution is not paid when due on any outstanding Scotia BaTS issued by BNS Capital Trust or Scotiabank Capital Trust, the Bank will not pay dividends on its “Dividend Restricted Shares”, which would include the Bank Preferred Shares Series R and Bank Deferral Preferred Shares, until the twelfth month following the failure to pay the required distribution in full, unless the required distribution is paid to the holders of such Scotia BaTS.

Credit Risk

The value of Bank Exchange and Deferral Preferred Shares, respectively, will be affected by the general creditworthiness of the Bank. The section entitled “Management’s Discussion and Analysis” contained in the Bank’s Annual Report for the year ended October 31, 2008 is incorporated by reference in this prospectus. This analysis discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Bank’s business, financial condition or results of operations.

Ratings

Real or anticipated changes in credit ratings on the Bank Exchange and Deferral Preferred Shares, if any, may affect the market value thereof. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank’s liquidity, business, financial condition or results of operations.

Dividends

The Bank Exchange and Deferral Preferred Shares are non-cumulative and dividends are payable at the discretion of the Board of Directors. There is a risk that the Bank may be unable to pay dividends on the Bank Exchange and Deferral Preferred Shares.

Ranking

The Bank Exchange and Deferral Preferred Shares will, if issued, rank, equally with other preferred shares of the Bank in the event of an insolvency or winding-up of the Bank. If the Bank becomes insolvent or is wound-up, the Bank’s assets must be used to pay deposit liabilities and other debt, including subordinated debt, before payments may be made on Bank Exchange and Deferral Preferred Shares.

Prevailing Yields

Prevailing yields on similar securities will affect the market value of Bank Exchange and Deferral Preferred Shares. Assuming all other factors remain unchanged, the market value of the Bank Exchange and Deferral Preferred Shares will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield and comparable benchmark rates of interest for similar securities will also affect the market value of the Bank Exchange and Deferral Preferred Shares in an analogous manner. The dividend rate in respect of the Bank Preferred Shares Series R and the Bank Deferral Preferred Shares will be set at the time of their issuance, based on the Thirty Year Canada Yield prevailing at such times plus 2.91%. The Thirty Year Canada Yield will fluctuate over time and may be less than the Thirty Year Canada Yield prevailing on the Closing Date.

Redemption and Purchase

The redemption or purchase by the Bank of the Bank Exchange and Deferral Preferred Shares is subject to the consent of the Superintendent and other restrictions contained in the Bank Act. See “The Bank - Limitations Affecting Holders of Bank Shares”. Neither the Bank Preferred Shares Series R nor the Bank Deferral Preferred Shares have a fixed maturity date and such shares are not redeemable at the option of the holders thereof. The ability of a holder to liquidate its holdings of Bank Preferred Shares Series R or Bank Deferral Preferred Shares, as applicable, may be limited.

Market Volatility

Stock market volatility may affect the market price of the Exchange and Deferral Preferred Shares for reasons unrelated to the Bank’s performance. In addition, holders of Scotia BaTS III Series 2009-1 should be aware of the prevailing and widely reported global credit market conditions, whereby there is at times a general lack of liquidity in the secondary market. As a result, the Bank may face additional risks in some of its global operations. Please refer to “Risk Management – Liquidity Risk” in the Bank’s Management Discussion and Analysis for the year ended October 31, 2008 for a discussion of the Bank’s liquidity risk.

Secondary Market and Liquidity

Although the Bank will use reasonable efforts to list the Bank Preferred Shares Series R and the Bank Deferral Preferred Shares upon the issuance thereof, there is no guarantee that the Bank will be successful in obtaining such listing. There can be no assurance that an active trading market will develop for the Bank Preferred Shares Series R or Bank Deferral Preferred Shares following the issuance of any of those shares, or if developed, that such a market will be liquid or sustained at the issue price of such shares.

The ability of a holder to pledge Bank Preferred Shares Series R or Bank Deferral Preferred Shares or otherwise take action with respect to such holder’s interest therein (other than through a Participant) may be limited due to the lack of a physical certificate.

If a Deferral Event occurs, holders of Scotia BaTS III Series 2009-1 will not be entitled to trade Bank Deferral Preferred Shares issued to such holders until such time as those shares are released from escrow. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Deferral Right”.

PRINCIPAL HOLDERS OF SECURITIES

It is intended that, at all times following the Closing Date, the Bank and/or its affiliates will own all of the Voting Trust Units. See “Capitalization of the Trust” and “Use of Proceeds”.

INTERESTS OF THE BANK AND ITS AFFILIATES IN MATERIAL TRANSACTIONS

Pursuant to the Administration Agreement, the Bank will administer the day-to-day operations of the Trust. In addition, Scotia Capital Inc. is an affiliate of the Bank and will receive a portion of the underwriting fee payable by the Trust on account of services rendered in connection with the Offering. See “Plan of Distribution”.

The Bank and its affiliates may have interests which are not identical to those of the Trust. Consequently, conflicts of interest may arise with respect to transactions, including, without limitation, the sale of the Initial Trust Assets, future acquisitions of the Trust Assets from the Bank and/or its affiliates, and the renewal, termination or modification of the Administration Agreement. It is the intention of the Trust and the Bank that any agreements and transactions between the Trust, on the one hand, and the Bank and/or its affiliates, on the other hand, are fair to all parties and consistent with market terms and conditions.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon by McCarthy Tétrault LLP, on behalf of the Trust and the Bank, and by Torys LLP on behalf of the Underwriters. The partners, counsel and associates of McCarthy Tétrault LLP and Torys LLP respectively as a group, beneficially own, directly or indirectly, less than one per cent of any class of security issued by the Trust or the Bank.

TRANSFER AGENT AND REGISTRAR AND EXCHANGE TRUSTEE

BNY Trust Company of Canada will be appointed as transfer agent, registrar and Exchange Trustee in respect of the Scotia BaTS III Series 2009-1. The Scotia BaTS III Series 2009-1 will be issued in book-entry only form through CDS. See “Description of the Trust Securities — Scotia BaTS III Series 2009-1 — Book-Entry Only Form”.

AUDITORS

KPMG LLP, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario have been appointed as auditors of the Trust.

LEGAL PROCEEDINGS

Other than as set out in the Bank’s financial statements incorporated by reference herein, neither the Trust nor the Bank is involved in any litigation or arbitration proceedings which are material to the Trust or the Bank and its subsidiaries, taken as a whole, nor is the Trust or the Bank aware that any such proceedings are pending or threatened.

PROMOTER

The Bank is the promoter of the Trust by reason of its taking the initiative in creating, structuring and promoting the Trust. The Bank will not receive any benefits, directly or indirectly, from the issuance of the Scotia BaTS III Series 2009-1 other than as described in this prospectus. The Bank will sell the Initial Trust Assets to the Trust. See “The Trust — Activities of the Trust”. The Bank will receive an administrative fee pursuant to the Administration Agreement.

EXEMPTION FROM NATIONAL INSTRUMENT 44-101

The Ontario Securities Commission, as principal regulator under the Process for Exemptive Relief Applications in Multiple Jurisdictions, has granted relief to the Trust under the securities legislation of the Province of Ontario as described below (which relief is intended to be relied upon by the Trust in each of the provinces and territories of Canada, other than Ontario). The Trust is exempted from the following short form prospectus distribution requirements in connection with offerings by the Trust from time to time of Trust Securities:

- (i) the requirements of Part 2 of National Instrument 44-101 *Short Form prospectus Distributions* (“NI 44-101”), which set forth the eligibility requirements to enable an issuer to file a prospectus in the form of a short form prospectus;
- (ii) the disclosure requirements in Item 6 (Earnings coverage Ratios) and Item 11 (Documents Incorporated by Reference), with the exception of Item 11.1(1)(5), of Form 44-101F1 of NI 44-101 in respect of the Trust, as applicable; and
- (iii) the requirement in Section 2.8 of NI 44-101 to file a notice of intention to file a short form prospectus no fewer than 10 business days prior to the filing of the Trust’s first preliminary short form prospectus.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or

deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

APPENDIX A

AUDITORS' CONSENT

We have read the short form prospectus of Scotiabank Tier 1 Trust (the "Trust") and The Bank of Nova Scotia (the "Bank") dated April 30, 2009 relating to the Trust's issuance and sale of \$650,000,000 Scotiabank Tier 1 Securities – Series 2009-1 Due June 30, 2108 (Scotia BaTS III Series 2009-1) (the "prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report dated December 2, 2008 to the shareholders of the Bank on the Consolidated Balance Sheets of the Bank as at October 31, 2008 and 2007 and the Consolidated Statements of Income, Changes in Shareholders' Equity, Comprehensive Income and Cash Flows for each of the years in the three-year period ended October 31, 2008.

(signed) KPMG LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
April 30, 2009

CERTIFICATE OF THE TRUST

Dated: April 30, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

SCOTIABANK TIER 1 TRUST
by its Administrative Agent
THE BANK OF NOVA SCOTIA

(signed) JEFFREY C. HEATH
EXECUTIVE VICE-PRESIDENT AND GROUP TREASURER

(signed) MARC C. DUROCHER
MANAGING DIRECTOR AND HEAD
CAPITAL AND MID-TERM FUNDING

CERTIFICATE OF THE BANK

Dated: April 30, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the *Bank Act* (Canada) and the regulations thereunder and the securities legislation of each of the provinces and territories of Canada.

(signed) RICHARD E. WAUGH
PRESIDENT AND CHIEF EXECUTIVE OFFICER

(signed) LUC A. VANNESTE
EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

On behalf of the Board of Directors:

(signed) JOHN THOMAS MAYBERRY
DIRECTOR

(signed) PAUL DAVID SOBEY
DIRECTOR

CERTIFICATE OF THE UNDERWRITERS

Dated: April 30, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

SCOTIA CAPITAL INC.

By: (signed) JOHN TKACH

BMO NESBITT BURNS INC.

By: (signed) PETER MARCHANT

RBC DOMINION SECURITIES INC.

By: (signed) CHRIS SEIP

TD SECURITIES INC.

By: (signed) JONATHAN BROER

CIBC WORLD MARKETS INC.

By: (signed) SHANNAN LEVERE

HSBC SECURITIES (CANADA) INC.

By: (signed) CATHERINE CODE

NATIONAL BANK FINANCIAL INC.

BY: (SIGNED) DARIN DESCHAMPS

DESJARDINS SECURITIES INC.

By: (signed) THOMAS JARMAI

LAURENTIAN BANK SECURITIES INC.

By: (signed) THOMAS BERKY

MANULIFE SECURITIES INCORPORATED

By: (signed) DAVID MACLEOD